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MADRAS LEGISLATIVE ASSEMBLY DEBATES

OFFICIAL REPORT

Friday, the 31st March 1939

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PERSONNEL OF THE GOVERNMENT OF MADRAS

GOVERNOR OF MADRAS.

HIS EXCELLENCY LORD ERSKINE, G.C.I.E.

MEMBERS OF THE COUNCIL OF MINISTERS.

1 THE HON. SRI C. RAJAGOPALACHARIAR, Prime Minister, in charge of the Public and Finance Departments.

2 THE HON. SRI T. PRAKASAM, Minister in charge of the Revenue Department.

3 THE HON. MR. YAKUB HASAN, Minister in charge of the Public Works Department.

4 THE HON. DR. P. SUBBARAYAN, Minister in charge of the Law Department.

5 THE HON. DR. T. S. S. RAJAN, Minister in charge of the Public Health Department.

6 THE HON. SRI V. I. MUNISWAMI PILLAI, Minister in charge of the Agriculture and Rural Development Department.

7 THE HON. SRI V. V. GIRI, Minister in charge of the Industries and Labour Department.

8 THE HON. SRI S. RAMANATHAN, Minister in charge of Administration Reports and Public Information Department.

9 THE HON. SRI B. GOPALA REDDI, Minister in charge of the Local Administration Department.

10 THE HON. SRI C. J. VARKEY, Minister in charge of the Education Department.

THE MADRAS LEGISLATIVE ASSEMBLY

PRINCIPAL OFFICERS.

Speaker.

THE HON. SRI B. SAMBAMURTI.

Deputy Speaker.

MRS. RUKMINI LAKSHMIPATHI.

Panel of Chairmen.

1 RAO BAHADUR SIR A. T. PANNIR SELVAM.
2 SRI VEMULA KURMAYYA.
3 MRS. KHADIJA YAKUB HASAN.
4 SRI K. BHASHYAM AYYANGAR.

Secretary.

SRI DIWAN BAHADUR R. V. KRISHNA AYYAR, B.A., M.L.

Assistant Secretary.

SRI M. SURYA RAO, B.A., B.L.

THE MADRAS LEGISLATIVE ASSEMBLY.

Friday, 31st March, 1939.

The House met in the Assembly Building, Chepauk, at three of the clock, Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Remission of land revenue for the ryotwari tracts.

* 1109 *Q.*—SRI B. BHAKTAVATSALU NAYUDU: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether the Government have come to any definite conclusion about the granting of a general remission of land revenue for the ryotwari tracts for 1348 fasli;

(*b*) if so, what the total amount is that the Government propose to remit this year for the ryotwari tracts in general and for North Arcot district in particular;

(*c*) whether the Government propose to grant any remission of assessment on dry lands; and

(*d*) if the answer to clause (*c*) is in the affirmative, what the basis is upon which the remission is to be granted?

THE HON. SRI T PRAKASAM:—" (*a*) The attention of the hon. Member is invited to the Press Communiqué, dated 2nd February 1939, on the subject.

" (*b*) The estimated cost of the concessions granted in fasli 1347 was mentioned in the Press Communiqué, dated 16th December 1937, announcing the concessions for that fasli. The actual cost of the concessions granted in fasli 1347 for the North Arcot district alone was Rs. 3·17 lakhs. As the concessions for fasli 1347 have been ordered to be reported for fasli 1348 it is expected that the cost of the concessions for fasli 1348 would be similar to that in fasli 1347.

" (*c*) & (*d*) There is no general proposal under consideration although under the terms of the general land revenue concessions sanctioned this year certain areas will get a remission of dry assessment representing the resettlement enhancement. Proposals for the remission of dry assessment with

reference to adverse seasonal conditions will be considered in accordance with the rules on the subject laid down in the Board's Standing Orders."

SRI B. BHAKTAVATSALU NAYUDU :—" Are the Government aware, Sir, that the dry crops in the North Arcot district have completely failed this year, and if so, will the Government consider the grant of a general remission on dry lands in North Arcot district in view of the failure of rains? "

THE HON. SRI T. PRAKASAM :—" Dry crops have failed also in many other places. However, what the hon. Member has stated will be taken into consideration."

Printing and publication of the Settlement Registers of the Malabar district.

* 1110 Q.—SRI M. P. DAMODARAN: Will the Hon. the Minister for Revenue be pleased to state—

(a) when the re-settlement operations were conducted last in the Malabar district;

(b) whether the Settlement Registers have been printed and published;

(c) if not, why not; and

(d) when the A Register and Adangals of the Kurumbranad and Kottayam taluks of Malabar district will be printed and be ready for sale to the public?

THE HON. SRI T. PRAKASAM :—" (a) The operations connected with the current resettlement of the plains taluks of the district were conducted between the years 1925–1926 and 1933–1934.

" (b) The answer is in the negative.

" (c) Because, the question whether they would require revision with reference to the land revenue policy of the future was under consideration.

" (d) The resettlement registers are under print and it is expected that the printing would take some time. The adangals are prepared in manuscript on the forms supplied for the purpose and are not intended for sale. The ryots can however inspect and take notes of the entries in that register without the payment of any fee."

Stipends awarded by Government for aeronautical training.

* 1111 Q.—SRI D. NARAYANA RAJU: Will the Hon. the Minister for Public Works be pleased to state—

(a) whether the Government of Madras have awarded any stipends for aeronautical training; and

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(*b*) if the answer to (*a*) be in the affirmative, how many were awarded:

(i) for the Ground Engineers' Course; and

(ii) for the Pilots' Course?

THE HON. MR. YAKUB HASAN:—" (*a*) & (*b*) One scholarship was awarded in January 1937 to Sri G. C. Arya for the following courses (in England) which he completed in March 1938:—

(1) B Pilots' licence.

(2) Navigation and Meteorology.

(3) Wireless course.

" No further scholarship has been awarded."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" May I know from the Hon. Minister, Sir, whether Government propose to increase the number of scholarships in view of the fact that this knowledge of engineering is becoming more and more popular?"

THE HON. MR. YAKUB HASAN:—" My answer was that there was only one scholarship. There is no question of increasing that number, and even that one will not be awarded hereafter."

SRI V. M. RAMASWAMI MUDALIYAR:—" May I know whether Government will give any assistance to make civil aviation more popular?"

THE HON. MR. YAKUB HASAN:—" So many people are going for it; there are so many things that make it popular. Why should Government make it more popular, a thing which is already popular and which will continue to be popular without Government help. Government resources ought to be used for something which is not popular." (Hear, hear from Government Benches.)

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Is the Hon. Minister aware, Sir, that in other parts of the world this particular institution has become popular on account of the encouragement that has been given by the Government of those countries?"

THE HON. MR. YAKUB HASAN:—" I thank the hon. Member for this information though I know that it is so. But I do not know what is meant by ' Government making it popular.' If his object is that it will be a regular service, let people be trained, and take employment in that service. If that is his suggestion, simply because there is every chance of a thing becoming a reguar service I do not see any reason why Government should come forward and help it."

Mr. W. K. M. LANGLEY:—"Is the Hon. Minister not aware that aviation nowadays is of the utmost importance not only commercially but also in connexion with the defence of the country, and in view of the fact that Indians make exceptionally good pilots, is it not desirable that as many Indians as possible should be trained as soon as possible in order to take their place in this most important development?" (Sri K. V. R. Swami: 'Hear, hear.')

The Hon. Mr. YAKUB HASAN:—"When more and more aeroplanes are available and service is established and more employment is created, people will themselves undergo training and apply for employment and they do not require any help whatever from Government."

Sri K. V. R. SWAMI:—"May I know whether Government are not going to make any move in the matter?"

The Hon. Mr. YAKUB HASAN:—"Quite so."

Sri V. M. RAMASWAMI MUDALIYAR:—"Are the Government aware that to secure a 'flying licence' it is prohibitively costly?"

The Hon Mr. YAKUB HASAN:—"As it is costly, only those who can afford to go for it may go for it; those who cannot afford to go for it need not go for it." (Laughter.)

Sri K. V. R. SWAMI:—"May I know whether it is the intention of this Government that the Central Government only should move in this matter, and not the Provincial Government?"

The Hon. Mr. YAKUB HASAN:—"It is not for me to say what the Central Government should do. I have told you that the Provincial Government are not going to do anything in the matter."

Amount to be set apart by district boards for expenditure on public health under the new Public Health Bill.

* 1112 Q.—Sri A. Pl. N. V. NADIMUTHU PILLAI: Will the Hon. the Minister for Public Health be pleased to state—

(a) the income of each of the district boards in this Province, from all sources;

(b) the amount that will have to be set apart by each of the district boards at 12½ per cent of the income, as provided in clause 130 of the Public Health Bill;

(c) the average expenditure for the last three years incurred by each of the district boards on public health; and

(d) whether the provision of 12½ per cent will not be far in excess of the actual requirements and the amounts now being spent by district boards?

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SRI A. B. SHETTY (Parliamentary Secretary) on behalf of the Hon. Dr. T. S. S. Rajan :—" (*a*), (*b*), (*c*) & (*d*).—A statement [a] is laid on the table.

" The Government do not consider that the statutory limit now fixed is in excess of the actual requirements."

SRI K. R. KARANT :—" May I ask, Sir, considering the difference between the 12½ per cent and the actual expenditure in the last three years which is nearly 13 lakhs and more whether the Government have considered as to how this deficit is going to be met? "

SRI A. B. SHETTY :—" Local bodies will have to adjust their budgets. They are not spending sufficiently for public health expenditure. In case any of the boards are not able to spend so much money Government have taken the power to vary the provision to such an extent as they think fit."

Redressal of the grievances of the Sanitary Inspectors employed under panchayat boards.

* 1113 *Q.*—SRI GRANDHI VENKATA REDDI: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether the Government have received any representations recently from the Sanitary Inspectors employed in the panchayat boards in this Presidency; if so, what action the Government propose to take on those representations; and

(*b*) whether there are any proposals for equalizing the cadre and status of Sanitary Inspectors employed in the panchayats and municipalities?

SRI A. B. SHETTY (Parliamentary Secretary) on behalf of the Hon. Dr. T. S. S. Rajan :—" (*a*) Only advance copies of the memorials have been received. The receipt of the originals through the proper channel is awaited.

" (*b*) There are no such proposals now before the Government."

Reasons for crediting to the forest revenue, the sale and auction proceeds of Government trees outside forest areas and of Government quarries.

* 1114 *Q.*—SRIMATHI V. LAKSHMI AMMAL : Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) why the income derived from the sale and auction of trees other than palmyra and coconut on the Government poramboke lands outside forest areas and quarrying of stones is credited to the Forest Revenue; and

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a Printed as Appendix I on page 76 infra.

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(b) what the total amount of such income was last year?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"(a) All revenue from trees on unreserved lands is credited to the Forest department except the tax on trees held under the tree-tax system and the sale-proceeds of such trees as have withered or have been blown down or cut, in cases where the grant conveys only a right to the usufruct. The revenues from the excepted items is credited to Land Revenue. The reason for crediting the revenue mentioned to the Forest department is that the control over all unreserved areas from which any forest produce is obtained is exercised by the District Forest Officer and that all revenue obtained from the destruction of trees on such lands should be correctly credited to that head of revenue which is alone looked to when Government decides how much allotment can be made available for the protection of existing trees or the growth of new forests.

"The receipts from quarries and mineral produce from lands other than those under the management of the Forest department are not credited to the Forest Revenues.

"(b) The revenue from timber, firewood and charcoal, bamboos and other minor produce realized from unreserved lands in 1937–38 was Rs. 4,77,635."

Nature of help given to cottage industries in 1938–39.

* 1115 Q.—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state the nature of help, if any, given by Government in 1938–39 to cottage industries in the Province?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"During 1938–39, instruction was given in coir working, leather goods manufacture, casting and metal working, ceramics and hand-loom weaving, besides the usual courses of instruction in certain cottage industries in the Government Industrial and Trade schools and School of Arts and Crafts, Madras. Candidates were deputed for training at Wardha in the making of hand paper and oil pressing. Grants-in-aid were given to aided industrial schools providing instruction in various cottage industries. Cotton hand-loom weaving, sericulture and cottage and small scale woollen industries, hand-spinning and khadi manufacture in cotton as well as wool were assisted with grants and subsidies. Loans under the Madras State Aid to Industries Act, 1922, were given for the rice hulling industry by the use of improved type of hand pounders and the manufacture of tin printing, celluloid novelties and painted enamel. Manufacture of palm

jaggery has been demonstrated in several areas of the Presidency and that of date palm jaggery is being demonstrated in the Cuddapah district. A demonstrator has been deputed to assist a co-operative society in carrying on demonstration in coir work and in training apprentices at Amalapuram. The Bureau of Industrial and Commercial information attached to the office of Director continued to supply useful information relating to cottage industries to those who sought it."

SRI D. V. RAMASWAMI :—" May I ask, Sir, whether it is not a fact that applications for State aid for cottage industries under the Act are being long delayed, from six to twelve months, before aid is sanctioned?"

THE HON. SRI V. I. MUNISWAMI PILLAI :—" I am not aware of it, but I will look into the matter."

Alleged irregularities in the conduct of the election of Directors to the Big Conjeeveram Town Bank.

* 1116 Q.—SRI P. S. SRINIVASA AYYAR: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) whether the Registrar of Co-operative Societies received any complaints regarding the recent election of Directors to the Big Conjeeveram Town Bank;

(b) whether there were serious allegations of irregular and improper omissions of the names of voters in the Electoral Roll and subsequent false personation of voters; and

(c) whether the Registrar conducted any enquiry into the affair and if so, with what result?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri :—" (a) Yes.

" (b) & (c) Certain irregularities were alleged and the matter was brought in the form of an arbitration reference before the Deputy Registrar, Chingleput. The Deputy Registrar made enquiries in this connexion, but before he could dispose of the case, the parties effected a compromise and withdrew the suit."

DR. P. S. SRINIVASAN :—" May I know, Sir, whether the Government think that by compromise such offences could be wiped out?"

MR. SPEAKER :—" It is a matter of opinion."

DR. P. S. SRINIVASAN :—" May I know, Sir, whether the Government do not intend to take any further action in the matter?"

SRI B. S. MURTI :—" The Government have taken the necessary action."

Closing of the Kerala Soap Institute, Calicut, and printing and selling of calendars for 1939 by it.

* 1117 *Q.*—Sri E. KANNAN: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether there is any proposal before the Government to close the Kerala Soap Institute, Calicut, and if so, what the reasons for it are;

(*b*) whether it is a fact that the Kerala Soap Institute, Calicut, has printed some calendars for 1939 and if so, what their number is and what the total cost thereof is; and

(*c*) whether these calendars are for sale and if so, what the sum so far realized by the sale of such calendars is?

Sri B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri.—" (*a*) The answer is in the negative.

" (*b*) Yes; 75,000 calendars valued at Rs. 4,750 have been printed.

" (*c*) No. They are not for sale. They are intended for free distribution to customers who purchase a combination box of assorted soaps, adopting the practice followed by other soap factories. These calendars serve as a medium of advertisement for the products of the Kerala Soap Institute."

Sri S. NAGAPPA:—" May I know, Sir, what is the intention of the Government in abolishing this?"

Sri B. S. MURTI:—" I do not think the Government are considering the abolition of the Soap Factory."

Closing of the Town Labour School in the South Kanara district.

* 1118 *Q.*—Sri K. ISHWARA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether it is a fact that the Government intend to close the Town Labour School in the South Kanara district; and

(*b*) whether there were any addresses presented by the members of the Depressed Class community to the Government in connexion with the closing of the school?

Sri B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (*a*) & (*b*) A petition has been received from the Harijan residents of Bolur and other villages against the proposed closure of the Bolur labour school and the matter is being enquired into."

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SRI K. ISHWARA :—" Is there any proposal before the Government to close down the labour school? "

SRI B. S. MURTI :—" I have just submitted, Sir, that there is no proposal."

Election of Presidents of Panchayat Boards.

* 1119 *Q.*—SRI L. SATTANATHA KARAYALAR: Will the Hon. the Minister for Local Administration be pleased to state the number and names of Panchayat Boards in which two Presidents were reported as elected in the recent elections?

THE HON. SRI B. GOPALA REDDI :—" The Government have no information; it has been called for."

Publication of the circular prohibiting the use of Aided school buildings in Malabar for public functions.

* 1120 *Q.*—SRI E. KANNAN: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether it is a fact that the authorities of the Education Department have issued a circular to the managers of aided schools in Malabar not to allow the school buildings for any public function; and

(*b*) if so, whether a copy of that circular will be placed on the table?

THE HON. SRI C. J. VARKEY :—" (*a*) No such circular was issued. But the attention of managements of schools was drawn to rule 2 (1) (*a*) (v) in Chapter I of the rules issued under section 42 (2) of the Madras Elementary Education Act, under which Inspecting Officers may propose a reduction of grant, if school buildings are used for purposes of a political character.

" (*b*) Does not arise."

SRI S. NAGAPPA :—" May I know, Sir, whether the buildings cannot be used for arranging a reception to the Hon. Minister for Education himself? "

THE HON. SRI C. J. VARKEY :—" It is not a matter of a political character."

Action taken in respect of uneconomic schools.

* 1121 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state—

(*a*) the number of schools reported to be uneconomic during 1938–39; and

(*b*) what is done with regard to them?

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THE HON. SRI C. J. VARKEY:—"It is presumed that the question relates to district board secondary schools. In the year 1936–37, 30 middle schools and 19 high schools were found to be 'uneconomic' in the sense that the strength in Forms I to III in the one case and in Forms IV to VI in the other was below 60. The strength of 36 of these schools having improved in the current year, it has been decided to continue them. A final decision has not yet been taken as regards the remaining 13 schools."

SRI S. NAGAPPA:—"What is meant by 'uneconomic schools,' Sir, and who is to decide it?"

THE HON. SRI C. J. VARKEY:—"I have already answered it in the answer given. The institutions are classified as uneconomic if the strength is below 60 in each case in the I to III forms and Forms IV to VI in the high school classes, and the authorities appointed by Government decide it."

SRI S. NAGAPPA:—"If there are any such schools for the minority communities, are they also to be closed on this condition, Sir?"

THE HON. SRI C. J. VARKEY:—"Evidently, all communities are equal."

Inadequate supply of technical books to the libraries of the Engineering College, Guindy, and the School of Technology, Rayapuram.

* 1122 *Q.*—SRI D. RAMALINGA REDDIAR: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether the attention of the Government was invited at any time to the inadequate equipment and supply of technical books to the libraries of the Engineering College, Guindy, and the School of Technology, Rayapuram; and

(*b*) whether the Government would consider the desirability of improving the said libraries with the necessary books dealing with the concerned technical courses?

THE HON. SRI C. J. VARKEY:—"(*a*) No such complaint has been made in recent years."

"(*b*) Does not arise."

SRI L. SATTANATHA KARAYALAR:—"May I ask, Sir, whether the Government act on the report of members of this House who visit libraries?"

THE HON. SRI C. J. VARKEY:—"I do not think hon. Members are expected to visit college libraries."

SRI K. V. R. SWAMI:—"Is there any objection, Sir?"

THE HON. SRI C. J. VARKEY:—"It does not arise as a supplementary question out of this."

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MR. SPEAKER :—" We pass over the next item re. Election of Members to the Public Accounts Committee [Item II in the Agenda]."

[*Note.*—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—GOVERNMENT BILLS.

(1) THE MADRAS ENTERTAINMENTS TAX BILL, 1939.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The Chairman of the Select Committee has submitted the report and *copies* [a] of the Report and the Bill as amended are before the House. I move—

'*that the Bill as amended by the Select Committee be taken into consideration.*'

" I have few verbal amendments to propose on behalf of the Government which will come up as the clauses are taken. They are merely verbal and carry out the intentions of the Select Committee's amendments. A few verbal changes were found to be necessary. There may be other amendments notice of which has been given. The Select Committee's report explains the changes that have been made by the Select Committee. The principal point to be remembered is that, what we have now done is to repeal the Act now in force and to embody the same in the present Bill together with a taxation on the lowest class of tickets which have now been introduced by these amendments and the whole thing made a Provincial revenue. As I said before, the local bodies that have till now been receiving revenue from the present Act will have compensation out of the moneys realized under the new law. There is nothing further for me to say, except that I commend the Bill as amended by the Select Committee to the House with the few modifications that I am going to propose.

" This is my first experience of a Chairman of a Select Committee from the Opposition and it would be unfair and I would not be doing my duty if I do not take this opportunity to tender my thanks on behalf of the Government to the Chairman, Sir."

The motion was carried and the Bill was taken into consideration.

Clause 2.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" It is only with reference to the repeal of the Madras Local Authorities Entertainments Tax Act and I think it can wait till the end."

MR. SPEAKER :—" Yes."

[a] Printed as Appendix II on page 77 infra.

Clause 3.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The definition proposed by the Select Committee for 'institution,' and the substitution of the word 'institution' for 'society' wherever it occurs is only to make the term a little more appropriate and I ask that it may be placed in the alphabetical order. Therefore it is that I move:

(1) '*After sub-clause* (4), insert *the following sub-clause, viz.*—

" (5) '*institution*' *includes a company, society, club or other association of persons by whatever name called*; " '

" The following are the consequential amendments. I move—

(2) '*Omit sub-clause* (9) *and* re-number *sub-clauses* (5) *to* (8) *as sub-clauses* (6) *to* (9) *respectively;* '

(3) '*In sub-clause* (8) *as renumbered,* insert *the word* " *and* " *at the end;* ' *and*

(4) '*In sub-clause* (9) *as renumbered*, omit *the word* " *and* " *at the end.*' "

The amendments were put and carried.

Clause 3 as amended was put and carried.

Clause 4.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" May I move the formal amendment, Sir? It would read thus:

'*For* item (xi), *substitute* the following item, namely:—

" (xi) *is ten rupees* or more	*Two rupees in respect of the first ten* rupees and two rupees for every ten rupees or portion thereof in excess of the first ten rupees ".'

" This is found to be a little more proper than the inclusion of the description of the tax in the second column. This is merely a verbal alteration."

MR. SPEAKER :—" The question is that item (i) be deleted and the subsequent items . . ."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" No no. My amendment is for item (xi) to be substituted."

MR. SPEAKER :—" You have omitted the first two . . ."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" They are Mr. B. Bhaktavatsalu Nayudu's amendments."

MR. SPEAKER :—" Then the amendment now moved must come last."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I shall move later on, Sir."

* SRI B. BHAKTAVATSALU NAYUDU :—" Mr. Speaker, I beg to move—

'(1) Delete *item (i) and* re-number *the subsequent items as items (i) to (x)' and* 3-30 p.m.

'(2) *In line* 1 *of item (ii) for the words* '*two annas*" substitute *the words* " *four annas.*" '

" The absence of an exemption limit is the worst feature of this Bill. It is wrong to tax tickets sold at less than four annas each. It may appear that a tax of a quarter anna each on the tickets sold at less than two annas each is not much. But as a matter of fact it will hit hard the touring cinemas who charge only one anna per ticket. These cinemas have come to play a very effective part in spreading general knowledge among the masses in the rural areas. They are in fact educative agencies which a popular Government should encourage in all possible ways and, at any rate, should not seek to stifle by levying a tax on them. People in rural parts are so poor as regards actual possession of cash that it will be a hardship for them to pay the additional quarter anna demanded from them by this tax. It is usual for them to go to picture houses in family groups. The tax all told will be more than one anna or even above two annas which they can ill-afford to pay. Thus the effect will be to reduce the number of people going to pictures and those who have invested their moneys on touring cinemas will not get an adequate return on the same. It is cruel to tax the poor man's entertainment. Life in rural areas is a monotony and any relaxation thereof should be welcomed and encouraged as the psychological corrective to social distempers. There is need for an evergrowing number of these touring cinemas in order to make rural life worth living, to establish between the masses and the outside world at least a mental contact and to accelerate the speed of progress. In a village of thousand persons less than fifty per cent would find the cash to see a touring picture. Even if five hundred tickets are sold the proposed tax will mean a considerable collection. That is not fair to an industry which is financed by small capitalists. Therefore I appeal to the Prime Minister to agree to my very reasonable amendment. I plead for the exemption limit not only in the interests of the poor who cannot pay more than one anna for each picture but also in the interests of the industry itself which has solved the unemployment problem to some extent. It is well known that each touring cinema employs twenty to twenty-five persons. If they are encouraged, it means more and more employment for our unemployed and consequently less and less distress. I hope that at least this aspect of the question will appeal to the Government."

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SRI K. VARADACHARI :—" On a point of order, Sir, I am sorry it has become too common to read speeches. If my friend would like to speak in Telugu, it would be quite well."

* SRI B. BHAKTAVATSALU NAYUDU :—" I am not reading, Sir. I am only taking the help of my notes."

MR. SPEAKER :—" He has taken down certain points and he is referring to them."

* SRI B. BHAKTAVATSALU NAYUDU :—" With these few words, Sir, I move the amendments that stand in my name."

* SRI G. KRISHNA RAO :—" I beg to support the amendments moved by my friend, Mr. Bhaktavatsalu Nayudu and I would like to bring to the notice of the Hon. Minister the bias in all these taxation measures. I do not know why these poor men should be taxed. It is necessary for this Government, as far as possible, to lift the poor people out of the drink habit and they are so much in need of such entertainment. Government should not surely penalize these poor people for having a little entertainment, especially when they do not go to drink even in non-prohibition areas. Wherever prohibition is going on, I should think, the Government should encourage these poor men to attend these cinemas and try even to give them money to go and see these cinemas, instead of taxing them. (Laughter.) I am not saying it in joke. But I say some kind of assistance or help should be rendered in such matters by the Government which wants to encourage prohibition. The people will be discouraged and they will not be relieved of the monotony, as my hon. Friend was telling, if these small relaxations are penalized. It is very important for the Government to understand that such a penalizing will not be in consonance with the Prohibition policy of the Government which they want to encourage. So I support the amendments."

* MR. W. K. M. LANGLEY :—" I regret that we as a group cannot possibly support this amendment. We have always taken the line that it is improper to subsidize one class of the community at the expense of another class of the community and particularly in connexion with entertainments, we cannot see why any particular class should be exempt from a small item of taxation which every other class has to bear. As to the suggestion made by the last speaker my hon. Friend, Mr. Krishna Rao, who actually pleaded for a programme of bread and circuses for the populace, I am amazed that a gentleman representing the aristocratic community should make such a suggestion. (Laughter.) Surely he knows that if we give them bread and circuses he will very soon find that they can do without the zamindar."

* SRI G. KRISHNA RAO :—" I never wanted to introduce any class feeling in this matter. I only said that the poor must be helped to go to the cinemas more and more."

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ABDUL HAMEED KHAN SAHIB BAHADUR:—" In my own turn I am amazed at the attitude taken by my hon. Friend, Mr. Langley. I do not think that he has only this Bill in view when he took up this attitude. Evidently, he has in view many other Bills that are in store for us. Otherwise, I am sure that he would not have come forward to say that there should not be any distinction between one class and another so far as taxation is concerned.

" Mr. Speaker, as I stated on a former occasion when this Bill was introduced and referred to a Select Committee, I say that the Government should not tax that class of people who are very poor, who generally are in need of entertainment as a means of relaxation and who generally pay half-anna or one anna for admission to these cinemas and for entertainments. It is, of course, well known that in the villages these cinemas which are located in tents cannot afford to charge high rates and especially when they know that the people who resort to such institutions are very poor. That this Government should think it fit to tax even the rates which are made available to the poor classes of the people including the labourers, is certainly a thing that I cannot understand. The Government are always trying to relieve the poor from the burden of either taxation or any other kind of burden. Such being the case, I fail to see why they have deviated from that policy and have made an alteration from the existing condition. The existing conditions are that these rates are exempted. Only the rates which are above four annas are taxed. Of course if the Hon. Minister has in view big cities and towns, I can understand his taxing even the lower rates. But as a matter of fact, these lower rates will directly affect the poor people in the villages and the labouring classes. Sucb being the case, I do hope that the Hon. Minister will accept this amendment and see that the poor people are not taxed."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I am very sorry indeed, Sir, that I am not able to accept the amendment. But I can only explain a few of the misunderstandings that seem to be governing the proposals and the speeches. It is not as if we do not make a distinction, but are treating all classes alike. We are taxing the richest cinema-goer Rs. 2; we are taxing the next below him Rs. 1–8–0 and the one below him Re. 1 and so on and when we come to the poorest we propose that he should pay six pies and three pies. There is, therefore, a clear distinction between our treatment as regards these various classes based upon their capacity of payment. But these payments made by him are either over and above or included in the payment which the professional entertainer takes from him. The professional entertainer is asked to pay, according to this Bill, three pies for everything not more than two annas that he makes and six pies for everything between two annas and six annas which he makes.

This is the new thing that has been proposed in the Bill and which is proposed to be removed by the amendment. I do not think that it will be too great a burden for the man who wants to go to the cinema to pay this three pies when he is prepared to pay two annas. It will be paid by him in addition to the two annas or by the professional entertainer out of the two annas he charges. The same thing about the six pies also. So I submit it is really not a case falling within the proposal deprecated by Mr. Abdul Hameed Khan. It is not really a tax on the poor which will be a hardship upon him. As a matter of fact, he was referring to Prohibition. Mr. Krishna Rao also referred to Prohibition. If, as a matter of fact, people want this entertainment and they are able to arrange their own entertainments in the village or otherwise there are non-professional amateur entertainments of which there can be any amount. There is no tax on such entertainments. But it is only when a professional man intervenes and when a professional man makes money out of that entertainment business that we propose this tax. It is not so horrible as has been described. I submit, Sir, that there is justification for this very small tax which will not be too great a burden upon the poor man at all."

ABDUL HAMEED KHAN SAHIB BAHADUR :—" May I ask for information whether this tax will be recovered from the individual by the proprietor of the entertainment?"

* THE HON. SRI C. RAJAGOPALACHARIAR :—" That depends entirely, Sir, upon the situation with reference to the business. The present rate of tickets, hon. Member may know, is two annas, three annas, four annas, six annas, nine annas, twelve annas, etc. And, out of this the tax is paid. The entertainer or the professional man gets the balance, so that whether this three pies or six pies is going to be paid as an extra beyond the two annas or the ticket value, or whether it is paid from out of it and the professional man is satisfied with a reduced amount on each ticket, depends entirely upon the kind of entertainment he gives, the popularity and the business that he has and the way in which the people are attracted. It is not a matter which at all can be laid down either by me or by the Opposition."

The amendments were put and lost.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I move—

'For *item (xi)*, substitute *the following item, namely* :—

" (*xi*) *is ten rupees or more.*	*Two rupees in respect of the first ten rupees and two rupees for every ten rupees or portion thereof in excess of the the first ten rupees.*" '

" As I said before, the column is just put re-shuffled. There is nothing involved in it except mere verbal alteration."

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The amendment was put and carried.

Clause 4 as amended was put and carried.

Clause 5 was put and carried.

Clause 6 was put and carried.

Clause 7 was put and carried.

Clause 8 (1).

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I move—

' *In sub-clause* (c), for *the words* " *for partly educational or partly scientific or cultural purposes* " substitute *the words* " *for purposes which are partly educational, cultural or scientific* ".'

" It is merely a question of grammar and simplification."

The amendment was put and carried.

Clause 8 as amended was put and carried.

Clause 9 was put and carried.

Clause 10 was put and carried.

Clause 11.

* SRI B. BHAKTAVATSALU NAYUDU :—" I move—

' *In line* 3 *of sub-clause* (1) (*a*), omit *the words* " *while the entertainment is proceeding* ".'

" These words are unnecessary because it is always open to the officer to find out if the law is honoured in the observance. To give him the right to enter the place of entertainment while the play is actually proceeding, is to tempt him to over-exercise his authority. Moreover, the audiance may not relish the intrusion of an officer at a time when they are enjoying the show for which they have paid. They have a right to uninterrupted enjoyment of the entertainment. There will be a breach of the peace if the officer enters and interrupts the play. So I think this will lead to unnecessary complication; and in order to avoid that, I request my amendment may be accepted by the Hon. the Premier."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" I second it, Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" It has not worked any hardship so far and it is in the present existing Act."

The amendment was put and lost.

Clause 11 was put and carried.

Clause 12 was put and carried.

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Clause 13 (1).

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I move—

' Add *the following proviso and Explanation:*—

" *Provided that from the amount payable under this sub-section to any local authority for the first year after the commencement of this Act, the net income derived by that authority from any tax levied on and after the* 1st *April of that year under the Madras Local Authorities Entertainments Tax Act,* 1926, *shall be deducted.*

" Explanation.—*In this sub-section 'year' shall mean the 'financial year.'* " '

" There is just a lacuna to be covered in regard to the notification of the date on which the Act will come into force and the repeal of the Madras Local Authorities Entertainments Tax Act. So in order to cover that lacuna this explanation and proviso are added."

The amendment was put and carried.

Clause 13 as amended was put and carried.

Clause 14.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I move—

' Re-letter *sub-clause (c) as sub-clause (d), and* insert *the following as sub-clause (c), namely:*—

" (c) *fraudulently evades the payment of any tax due under this Act, or* ".'

" It has been considered better to have a provision against fraud by which the provisions of the Act are affected so to say."

The amendment was put and carried.

Clause 14 as amended was put and carried.

Clauses 15 to 20 were put and carried.

Clause 2 was put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" *I beg to* move, Sir,—

' *that the Bill as amended be passed into law.*' "

The motion was put and carried and the Bill was passed into law.

(2) THE MADRAS TOBACCO (TAXATION OF SALES AND LICENSING) BILL, 1939.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I beg to introduce the Bill for the levy of a tax on the sale of tobacco and the licensing of trade therein in the Province of Madras and move—

> '*that the Bill be referred to a Select Committee the names of which will presently be circulated to the hon. Members with the instruction that a report may be made before the* 17*th April* 1939.'

" The matter has been referred to at the time I presented the Budget. From the point of view of finance the position is clear to hon. Members that there is need for raising fresh revenue by a fresh tax; and from the point of view of the tax itself the proposal to levy a tax on tobacco is not new, as hon. Members are aware and as I have already stated. Some of them have already been referred to in the course of the debates that we have passed through. That it was proposed some time ago and was dropped has been referred to as a reason for deprecating the introduction of this measure. But I submit to hon. Members that when it was proposed before, the situation was different. We have lost revenue now and we can pass this Bill into law with the consent of the House only if there is a reasonable case for raising fresh revenue of this kind.

" The only thing that we have to consider is whether it would be a wrong method of raising the revenue. I submit that from many points of view this levy of a tax on tobacco can be proved to be a perfectly sound proposal. The tax, as conceived in 4 p.m. this Bill, will be levied in two or three ways; first of all by licence-fee from all dealers in this commodity, and secondly by the sale of the monopoly of retail vend in the areas fixed for each such monopoly. Then, the fact to which I wish to draw the attention of the House is this: that the growers are free not only from taxation but from even the restriction by way of licence. Every grower is exempted from the licence provision and he can sell to any person who is dealing in this commodity either wholesale or retail, so that the growers are not subjected to the restrictions proposed to be imposed by this Bill. As regards the wholesale dealers and others who buy or sell, they have to take a licence. The retail vend is restricted substantially under this Bill; the retail vend can be only after payment to the Government or only after an agreement to pay the tax that is proposed in this Bill, and it is proposed to be collected as we have been doing with reference to the levy on alcoholic spirits and drugs, namely, by a sale of the right to vend. The question to be considered is whether, taking all circumstances into

account, both advantages and disadvantages attaching to the system of monopoly, it is desirable to accept that, and then this Bill can be accepted. This Bill is shaped so as to provide for an annual sale of this monopoly of this retail vend. That there are certain distinct disadvantages attaching to the system of monopoly may be admitted at once. But all things have to be taken into account with reference to a commodity like tobacco which can in one sense be considered to be a popular article of consumption, but in another sense can be deemed to be a not necessary article, and if we do so, we will come to the conclusion that a monopoly is not a wrong thing. It is only on that footing that the proposal is put forward. It is not as if we are oblivious of an evil with respect to monopoly in trade in any commodity. In applying the system of monopoly sale of the right to vend what may be called higher grade articles of manufactured tobacco, like cigars, cigarettes and so on, there is considerable difficulty. The number of persons competing in such business will be so limited that the Government would stand to lose by putting up for auction the right to vend in such cases. It is proposed therefore, in the Bill, to collect the tax on such articles by an arrangement by which a heavy licence fee is taken as well as an annual charge based on the actual turnover, accounts of which will have to be rendered by those classes of dealers in manufactured tobacco. It is quite clear, therefore, that we have taken into account the advantages and the difficulties that might arise in the administration of this proposal and we have made the best possible provision for each class of business. I hope, Sir, that the Bill will be accepted by the House, after considering the details. This is all I wish to say in moving this motion for reference to the Select Committee."

* MR. D. M. REID:—" Mr. Speaker, as the Hon. the Prime Minister reminded us, this Bill, in another form, is not new to us. I am one of those who took part in the debate on the Bill in 1935 and then we particularly opposed the monopoly vend. That Bill was dropped in the Budget session of 1936.

" Now, Sir, I should like to start with a respectful, but very definite, protest to the Government on the lines on which we have protested before, viz., that this is another instance of undue haste in bringing forward legislation which, I respectfully say, is not doing the Government any good in the eyes of the people and is giving them perhaps the reputation of trying to rush through legislation before the electorate has had time to understand it or to make up its mind about it. I respectfully suggest that it would be wiser to take things calmly and gradually and not to try to raise unduly large sums of money by taxation until we are quite sure that it is necessary. Although of course there have been rumours of a Tobacco Bill for some time and the Hon. the Prime

Minister announced it in his Budget speech, it was not gazetted till the 21st March, that is, some ten days ago. We had no idea till then as to what the Bill might contain. It is intended now to refer it immediately to a Select Committee and make it law presumably within one month's time. I respectfully say that a Bill of this importance should not be rushed through like this. This is without any precedent in any legislature in India or in any major country in the world.

"Now, Sir, I should like to stress to the House that we do not oppose on principle a tax on tobacco, recognizing as we do that tobacco is a recognized source of Government revenue in almost all civilized countries. We do, however, think that it would be much wiser as well as fairer to the many thousands of dealers and retailers in this Province who have been connected with the tobacco trade for so many years past, if the Government had, to start with at any rate, initiated this taxation in the form of a general and straightforward system of licence fees on a moderate scale, which would have brought the tobacco trade under control without any particular difficulty or without any unfairness. Such a course would have evoked no very strong opposition from anybody and brought to the Government at the same time some lakhs of rupees by way of licence fees. As opposed to that we have a situation in which all concerned in the tobacco industry, I think I can fairly say, are rising unitedly against the Government. This situation, I respectfully suggest to the Government, need not have been created.

"Now, we are definitely not in favour of indiscriminate taxation and we wish the Government to consider very carefully the incidence of this on the many thousands of people who will be involved. You will by this measure drive the small people out of business. It is a very serious matter. These people whom the measure will seriously affect do not know how best to put their point of view before the Government and I am afraid the Government have not really considered sympathetically their point of view. The fee proposed to be levied from the small traders is unnecessarily high to start with. Then there is the provision giving power to the Government to enhance the fee without even subjecting it to the approval of the Assembly. We object to this proviso giving power to the Government to enhance the taxes by a notification. This we suggest should be subject to the approval of the House, which is a very wise and proper and reasonable safeguard.

"Now, Sir, I come to the main feature of the Bill which is the monopoly vend. As the Hon. the Prime Minister has pointed out, he is, in this connexion, going to make use of the excise machinery,

which I should have thought he would have been only too pleased to see gradually abolished in view of the duties with which it is connected. This provision for monopoly vend was in the Bill of 1936, but it was dropped out. I spoke at that time in the debate in the House and opposed the monopoly vend strongly. We oppose it now as strongly as we did on that occasion and we oppose all forms of monopolies and particularly retail monopolies. The main objections to the monopoly vend are that it literally revolutionizes the whole manner in which all tobacco products reach the consumer and will inevitably result in widespread unemployment amongst thousands of retail dealers and panwallahs, who depend largely on their retail sales of *bidis*, cheroots and cigarettes for their livelihood; while this feature of the Bill will bear scarcely less severely on hundreds of wholesale dealers and distributors through whom tobacco products have up to now been distributed. Another objection to the monopoly system is the fact that the monopolist has undue control of prices and naturally tends to sell the most profitable lines of goods irrespective of quality, thus preventing that fair competition which is always to the benefit of the consumer, to which, we have thought, in this democratic country we are all entitled, to which, we have thought, we have a right. Now it is to be put in the hands of a monopolist and we are to take what he is pleased to offer. He has got his hand on our throat and he would put the kind of tobacco in our mouth that he wishes to put. He has got also the opportunity to put weak tobacco in the mouth of persons like me who want strong tobacco. (Laughter).

4-15 p.m. "Further a monopoly system must inevitably result in increased prices. Everybody is going to pay unnecessarily much higher than he is paying at present. Because it is a monopoly system, it must inevitably result in increased prices and restricted distribution to the disadvantage alike of the consumer who wants to be able to purchase his requirements, wherever he may, at reasonable prices; of the retail dealer who will either be squeezed out of the trade or else subjected to vexatious restrictions and risks; and of the manufacturer who would have reason to fear decreased consumption of his products. It is a most serious thing and I know the Hon. the Prime Minister knows the objections to this Bill and he is looking round and seems to say, 'How are we to avoid these troubles?' I hope, later, to make suggestions as to how to avoid these troubles. In any event, I must definitely and completely oppose the monopoly principle both now and in the Select Committee and we particularly pray to the Government to reconsider that point.

"A further objection to monopoly vend is that it is not merely not an easy work, as appears to be the case, but the small manufacturer who sells his products has got to be considered. Tremendous power is placed in the hands of the monopolist. He may sub-let his privileges to his friends or probably to other

members of his own family and throw out anybody and everybody who is now doing that business. Every wholesale monopolist will do what he likes. Sir, is that democracy? Is that our freedom of trade? Is that freedom of doing business? Such monopolists will have a control of the prices and they will certainly raise the prices. This in turn will prove disastrous to the small traders resulting in their unemployment and loss of livelihood, and certainly a reduction in the consumption of tobacco by the general public.

"Now there is another thing which I wish to refer to in connexion with this Bill and which causes me great apprehension. There is a general vagueness in the drafting of the Bill which must be tightened up. Power is taken to embody omissions and contradictions in the rules and it seems to us that the rules will have to contain clauses which should undoubtedly be clauses of the Act itself. It is a thing which the Select Committee should consider.

"This monopoly vend is such a serious matter that I ask for your indulgence if I take a longer time than you expect me to take. The enforcement of a monopoly vend will be quite unsuitable to the conditions of this country and will generally upset the whole tobacco industry, taking away the livelihood of thousands of people and the business which they have inherited and which they have built up, and on which they depend for their livelihood. It will place all the business in the hands of a different set of people. I very strongly press on the attention of the Government that we are utterly opposed to the system of monopoly vend.

"The dangerously wide power that has been vested in the hands of the Government is a very serious matter for consideration under this Bill. The Bill, as drafted, appears to reserve exceptionally wide powers in the hands of the Government and I ask the Government to take note of the last two clauses—clauses 32 and 33 and another clause also, viz., clause 8 (*c*).

"A further consideration is the apparent unwisdom as well as unfairness of Government seeking to introduce a crippling measure of tobacco taxation in 1939 in this particular Province, in which the cultivation of tobacco is so widespread and of such importance as was emphasized in a recent report of the Agricultural Marketing Adviser to the Government of India. We must realize that this Tobacco Bill will not only affect the rich and the luxurious classes of people but it will also affect the poor agriculturists. That is a very serious matter affecting the poor agriculturists whose interests, I know, the Hon. the Minister for Agriculture has so much at heart, and so I trust this point also will be carefully considered in the Select Committee.

"Last year saw a considerable expansion in the exports of leaf tobacco from the Guntur and Kistna districts to the United Kingdom, but this year's crop has not met with the same demand and the imposition of the additional burden of heavy licence-fees on buyers, brokers and exporters of tobacco from those districts may well prove a deciding factor against South Indian tobacco finding a permanent place in United Kingdom markets, where it has to compete with the products of several other Empire countries such as Rhodesia, Nyasaland and Canada. The tobacco that is exported from these countries is not in any way an inferior tobacco and I do not know what they will do hereafter with regard to their prices. In the face of that competition, it would be much more difficult for the people of South India to be able to quote any competitive prices, more especially in view of this additional taxation that will be imposed upon them. I trust that in the Select Committee this point will be carefully considered. Any possibility of an adverse influence on the export of tobacco is quite obvious and I hope this will be very carefully considered in the Select Committee.

"Now, I wish to touch very briefly on the subject of more expensive tobacconists who have been dealt with in detail in this Bill. To draw a distinction between high class tobacco products and low class tobacco products is going to be exceedingly difficult. I suggest that the Bill is not clear about this point, particularly so far as cigarettes are concerned; it is of course no longer possible to define high class products as imported products. Obviously it would be impossible to do so. The word 'imported' becomes less and less significant so far as products manufactured in South India are concerned. In South India there are many different types of cigarettes which are practically of equal quality as far as actual tobacco goes, but which vary in price on account of the difference in packing and get up. It seems likely to me that the distinction can only be drawn on the basis of price; and if this is done, the sale of higher class and purer tobacco will be greatly handicapped by reason of one type of tobacco which is just above the price line paying a 10 per cent turnover tax and another type which may be just below paying considerably less. The tendency presumably will be for manufacturers to keep the prices of all Indian grades just below the price level. It will require a great deal of work in the Select Committee to put these things straight and clear in the Bill.

"As regards the wholesale licence, the proposed taxation, whereby every branch of a wholesale tobacco dealer will pay an equal tax, will affect many people very seriously, particularly because of the large number of branches which they have, each one of them doing a small business in cigarettes. But apart from that, the principle is unsound economically. The modern tendency

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in all countries has been in the direction of the expansion of businesses with many branches all over the country. We must not try to brush this aside and say, 'We won't have you.' We cannot suddenly stop the march of progress. All classes of people by their natural urge begin this kind of trade in a small way and increase their business in course of time. One might well deplore that a measure of this kind will not only have the tendency of cutting out the small retail capitalists, but it will also affect the cheaper form of marketing which may be resorted to by individual firms, but which they may not be able to do now on account of the heavy taxation that is going to be imposed upon them. A more equitable method will be to ask the people to pay an amount on the total amount of business done and not to fix a licence fee.

"There is one point which I would like to say with reference to the better class of tobacconists in reference to the monopoly system which is going to come under this Bill. It is going to confer a tremendous power on the better class of tobacconists. If the manufacturers of better class of tobacco and the monopoly vendor are able to come to an agreement they can exclude everybody else's products. That must be safeguarded. Further the consumers will be affected by the monopoly vend. In each district there will be a tendency for the retail sellers to vary their prices very considerably and they will vary from one district to another, thus leading to general unhappy relations between peoples in different places in the same business. It is not sufficiently clear in the Bill whether the monopolist has the right to sell tobacco products or whether they should be covered by special licence. As the Bill stands, it seems that the exclusive privilege of selling tobacco includes the selling of tobacco products also, and thus a monopolist vendor may be able to sell higher types of tobacco products also without his turnover tax being affected. Under those circumstances he will be able to compete with other people who are dealing in these high class products of tobacco to the great disadvantage of the latter. I need not elaborate on this point, because it is so very clear. Finally I would stress that in regard to high class tobacco the cumulative effect of this tax in its present form will be very bad and will lead to unnecessary complications.

"Sir, I know that it is not the aim of the Government to restrict the business or consumption. It has never been suggested that the use of tobacco is bad and that it should not be smoked. That has not been suggested in any way. Further it would be in the interests of the Government to scrap the various provisions of the Bill which are going to lead to uncertainties and confusion.

"I would like the Hon. Minister to put himself in the position of a tobacco company or a *beedi* manufacturer and judge for himself the implications of this Bill and how they would affect such

people and what would be the fair amount of tax that could be imposed upon them without in any way upsetting the tobacco trade. Now, while on this point, I would say that a straight tax on retail sale would be much better. I know that the Government after a very careful consideration of this matter have come to this decision. I wonder why they cannot work out some other system and see if they cannot dispense with the monopoly vend system and have a tax
4-30 p.m. imposed on retail sales and also levy a small annual licence fee on retail and wholesale sales. Firstly, it would secure an assured revenue to Government for as long as the consumption of tobacco continues. Secondly, it will enable the trade to know exactly how much they have to pay in the way of licence tax and thereby to fix selling prices accordingly. Thirdly, it would distribute the burden of tax in equal proportions on all consumers, because, obviously with a percentage turnover tax, the lower priced product will pay a smaller tax than the higher priced.

"There is another difficulty with regard to railway refreshment rooms. It is a matter of the greatest importance to every one who travels. These are really questions which ought to be dealt with in the Central Assembly. I submit, Sir, that railway refreshment rooms should be run as efficiently and cheaply as possible. This Bill, if it comes into force, will have a very bad effect on them. They generally have a very small turnover and the proposed licence fee of Rs. 10 will represent an all round overhead charge of approximately 0·2 per cent on the turnover and there is a further tax of 10 per cent. The railway refreshment rooms are almost entirely run for the convenience of the travellers who should surely be encouraged to visit this Province. In the march of progress we as well as other countries must attract visitors. When they come, they bring business, they bring money and they bring progress. In the case of some of these refreshment rooms the licensing fee alone would be between 1 per cent and 17 per cent of the sales. In addition there is the 10 per cent tax. In the worst example there will be an increase of 27 per cent on the price of tobacco sold in these places, while not very far outside there will be a man, not a monopoly vendor but a licensee, selling much cheaper. It will be very hard on these refreshment rooms. It will be very unfair.

"In conclusion, let me stress to the Government that we are not opposing the levy of a tax on tobacco. We realize that in all civilized countries it is a common source of Government revenue. But we do not think that this is a good Bill. We are completely opposed to the monopoly vend and we trust that the Government in the Select Committee stage will give very careful consideration to the points which I have brought out and see that the Bill is drastically revised."

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* SRI T. T. KRISHNAMACHARIAR:—" Mr. Speaker, I do not know whether I should congratulate the Hon. the Premier or condole with him in having accepted this legacy that has been handed to him by his predecessors in office. In the history of this Tobacco Bill about which the previous speaker spoke, there is certainly not very much to its credit. If the curtain could be lifted and we could see what happened and why the Government dropped the old Bill, my hon. Friend Mr. Reid would see that it was not because of the opposition to the measure but for altogether different reasons. Anyway the Hon. the Finance Minister of the present Government has taken over the cast-off bride of his predecessors and I suppose he is trying to improve on it by bringing back the monopoly vend system which they dropped. It was first said at the time when the other Bill was introduced that the Government expected a revenue of Rs. 50 lakhs and by a process of elimination and reduction it ultimately came to seven lakhs and odd. That is why they dropped that Bill; also because the elections were very near they did not want to impose additional tax burdens and become more unpopular.

" I do not want to go into the detailed provisions of this Bill after the exhaustive speech of my hon. Friend Mr. Reid, who has touched every phase of it. But, Sir, the interests which I represent want me to make it clear that they do not like the monopoly vend system. I noticed in the Hon. the Premier's speech a tone of apology for bringing this monopoly vend system. At the same time, as there are two classes of dealers, the monopoly vend dealers and the special licensees, dealing in what are obviously two different classes of goods, I cannot see, as the previous speaker mentioned, how these two classes are mutually exclusive. Is it going to be impossible for the monopolists to buy high grade tobacco and cigarettes and deal in them and not pay a turnover tax? That is the point which only the Hon. the Finance Minister can make clear.

" Then there is another point about which I should like to have some more explanation. That is: Do the Government contemplate regulating prices of raw tobacco that is being sold either to the wholesaler or manufacturer or the monopolist? I see no provision in the Bill for enabling the Government to take powers to regulate the prices, unless it be that clause 32 (2) (b) gives that power; I do not think it is very clear. If these people who have got a monopoly or a licence are allowed to fix their own prices, it is going to affect the producer of tobacco and I would urge upon the Government to take the necessary powers to fix the prices of raw tobacco.

" Sir, the hon. Member who has just spoken has made very, very clear the objections of the trade of monopoly. They do not

like it; they would rather have a flat system of licences if it is possible. I think the Government had in their minds the idea of bringing forward an Act very much on the lines of the Abkari Act and this attempt to relate this Bill to the present Abkari Act is largely responsible for bringing in the monopolists. If there are going to be any monopolists, let there not be private licensees. Let everybody share the same fate and let all be at the mercy of the monopolists. Rings in business circles are never popular. We are still in a world of competitive economy. Unless the monopoly is going to be a State monopoly run by the Government, I do not see any reason for its introduction. I do not think I need take up the time of the House any more; but I would simply urge once again that it is worth while for the Select Committee to consult the dealers interested in the matter as to how they could improve the system of monopoly before they finally decide the matter."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—"Mr. Speaker, before I proceed to deal with the Bill proper, I should like to refer to one remark made by Mr. Reid that there has been no suggestion from any quarters that the use of tobacco is bad and consequently that it should be restricted. I think, Sir, that it is not correct to say that. The prevailing idea among a large section of the people is that the use of tobacco is bad and that it should be restricted. I think even the Hon. the Premier is of the opinion that the use of tobacco is not good and so it should be gradually restricted. But it is not such a bad thing as liquor the consumption of which must be put a stop to at once. It is a mild stimulant and so it has been allowed and perhaps will be allowed for a long time to come.

"I now wish to approach the question from quite a different point of view. Sir, this is a very inopportune time for bringing forward this measure, because there is a great fall in the prices of tobacco; all the merchants are in great difficulties and large quantities of tobacco which are usually exported to foreign countries remain unsold. There is a very great accumulation and there is a likelihood of the dealers suffering a loss of more than fifty lakhs. When that is the case, it is the duty of the Government to come to their help instead of complicating matters. Moreover, Sir, most of the cultivators and producers of tobacco are very poor people and as the trade is in a very precarious condition, the poor people are not in a position to get even the cost of production. So, during this crisis in the tobacco trade the Government will have to think twice before presenting this measure for the acceptance of the House.

"When the Hon. the Premier introduced his budget he said that there would be a deficit of Rs. 42·9 lakhs and he expected that with the help of the petrol and electricity sales taxes be

would be able to cover a large part of the deficit leaving only about Rs. 17·27 lakhs. To cover that deficit also we have now passed the Entertainments Tax Act which will bring about Rs. 17 lakhs. Then we have passed some other measures also which will bring some money which is required for the present. It is wiser and safer to proceed cautiously and not rush through taxation measures like this.

" Then Sir, one of the provisions of the Bill relates to the monopoly vend system. I do not understand what is meant by the monopoly system. It is said that the right of selling tobacco will be auctioned for a large area—it may be a district or a taluk. That system was in vogue formerly in all parts of the Presidency. Even now I understand that it is in vogue in some districts. I am sorry that there is no Member from South Kanara or Malabar adorning the Treasury Bench, so that he may be able to explain that such a system is going on in South Kanara and that part of the country. Instead of selling the right of retail trade to a single person, it may be auctioned and any number of persons can come and purchase the right of selling in retail. In such a case there will be no danger of one man monopolizing the whole thing 4-45 and raising or lowering the prices as he likes and controlling the p.m. whole trade of that area. This will affect also the poor producers, because the producers have to sell it only to a man who has got a licence, i.e., to the monopolist. The monopolist will have his own price and he can raise the price or lower the price, and the producer will be forced to sell to the monopolist at whatever price he offers. So, there is great danger of the producer getting very little for the tobacco which he has cultivated with very great difficulty. I would suggest to the Government, Sir, to see that if the monopoly system is to be introduced, it should not be in the way in which it is already prevailing in our part of the country, i.e., instead of selling it in the way the abkari shops are being sold now, sell it to different persons in each village, at the rate of one shop or two shops or even three shops sometimes. In the case of the abkari shops, of course, the district board and the municipality have got a voice, and they do not want these abkari shops near schools or market places. That of course cannot be the case in the case of these tobacco shops. Any number of shops can be allowed to exist in a village. I hope, Sir, the Hon. the Premier will enlighten us on this question also."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Mr. Speaker, this Bill, as is well known, is one of a series of taxation Bills which the people of this Province are heir to, as a result of the incoming of our friends on the Treasury Bench. My hon. Friend Mr. Reid, while dealing with this question, has referred exhaustively to the various aspects of this Bill, and he concluded by saying that this kind of taxation is practically universally accepted in principle, and we find it in actual existence in different

parts of the world. Well, Sir, so far as that question is concerned, my hon. Friend evidently takes into account the conditions existing in European countries, where things are so different that any amount of taxation on either raw produce or manufactured goods can certainly be borne by the people. So far as our country is concerned, and particularly so far as our Province is concerned, we know under what great handicap our industries labour. As a matter of fact, we have no industry worth the name.

"I will not take up much time of the house in dealing with the aspect which refers to the producer. It is no doubt true, Sir, that this Bill provides for the exemption of the producer from taxation. But that is only so far as it goes. It is true that the producer will not be taxed if he chooses to sell the goods himself either in small quantities or in large quantities. But then comes the monopolist. The monopolist is a very influential person, influential in every respect, financially and otherwise. If it is a firm, it is an influential body with a large capital behind it. The result will be that the monopolist will rule in this field of tobacco sale and tobacco manufacture. He will dictate the rates to the producer. It is not as if the producer will get his price always. He can produce small quantities or large quantities, but it is the monopolist who will control the price, and the producer will have in the long run to submit himself to the dictates of the monopolist. He will have no other alternative than to sell his produce to the monopolist and it will not be possible for him to find any other individual to compete with the monopolist. Therefore, although directly the producer may not be affected, indirectly the producer also is taxed on account of the fact that his agricultural industry will be adversely affected and as his price will be affected.

"Then, Sir, the other aspect of the question is the advantage that will accrue as a result of the monopoly system that is being introduced in this Bill, which of course, as we know, did exist in the previous Bill but was subsequently removed as a result of consideration by the Select Committee. That has been re-introduced in the Bill before us. I fail to see, Sir, how this popular Government, this responsible Government, can reconcile their policy of trying to distribute the advantages in the matter of agriculture and industry to a large number of people—the larger the number the better—with the introduction of this monopoly system so far as tobacco is concerned. The monopolist, Sir, is a middleman; he is the man who will control the whole business. It is true that it will be advantageous so far as collection of the tax is concerned. The Government no doubt have taken that aspect of the question into account. They want to reduce as far as possible the expenditure and the worry of collecting taxes from a large number of people. But for the sake of that small advantage, I do not think they should introduce a

system which will certainly be disadvantageous not only to the producer but also to the people who are engaged in this trade at present. I hope, therefore, that in the Select Committee it will be possible for the Hon. the Premier, who is the author of this Bill, to remove this pernicious system of monopoly. He may rest assured that so far as the amount of tax that is expected to be collected from this source is concerned, it will not be affected by the removal of this monopoly.

"We must also remember, Sir, in this connexion, that in a province where we have such limited openings for either agriculture or industry, and where a large number of people have taken to this small industry in different parts of the Province, we should not certainly do anything which will take away the advantages that are at present enjoyed by people engaged in this industry. As has been already referred to, we have to compete in this respect witb foreign imports of manufactured tobacco; there is the cigarette which is imported in large quantities from foreign countries; the *beedi* which is a very cheap article as compared to the cigarette has to exist in spite of this competition. And if as a result of this additional taxation, the *beedi* industry is adversely affected, the result will be that a large number of very poor people who exist on account of this industry, will be thrown out of employment and will be left in the street.

"The most objectionable feature, as already pointed out by the speakers who preceded me, is the existence of the monopoly system; apart from that, there are these other things, which I have referred to. I hope the Select Committee will take them all into consideration and try to make the Bill more acceptable. For instance, the maximum rates that have been fixed are very high, so far as I can see. I say that once you are introducing a taxation measure of this character, it is better that you start with a smaller maximum rate, so that it may be possible for us to find out how it will affect the people who are engaged in the industry, and how it will also affect the consumers. These are of course, things which will have to be considered by the Select Committee.

"The other things that are found in the Bill are of course the usual provisions that we find in other Bills, such as the penalty clause, etc. We have got accustomed to such clauses, as a result of the numerous taxation Bills that have been introduced in this House. The fine, the maintenance of registers, the punishment for not keeping accounts. the control that these small merchants will be subjected to as a result of this measure—all these are things which we are quite familiar with.

"Sir, I also do not oppose the introduction of this measure or its reference to a Select Committee, because I do agree with the Hon. the Premier and the other members of the House in thinking

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that having lost the revenue as a result of Prohibition, the Government have no other alternative than to come forward with one measure after another for making up the loss of revenue. But in doing that, the Government, I am sure, will bear in mind this fact that while they will get money as a result of this measure to a large extent, it will also adversely affect the people who are directly or indirectly connected with this industry."

*SRI R. M. PALAT:—" Sir, it seems to me that it is difficult to understand the principles which underlie the Government's policy of taxation. We have Prohibition; I believe tobacco is as bad as certain forms of drink. As you are prohibiting drinks entirely, I can understand the Government's policy if you prohibit tobacco also. Why not merely tax these drinks also and not prohibit them? But this measure does not prohibit tobacco, though certain kinds of drinks are far less harmful than tobacco. One cannot understand that sort of thing.

" Again, Sir, I see that sub-clause (4) of clause 2 of the Bill applies only to Indian companies, so that we again see here that tenderness for foreign growers and manufacturers exhibited by the Government which we have always noticed in them. This Government have got a particularly tender corner in their heart for foreign growers and foreign importers. Unless that section is radically changed, I do not think you can get out of that.

" Then, Sir, as I said earlier in my speech, I think tobacco should be entirely prohibited if you prohibit drink altogether, because the money realized by taxing the one is as much tainted as the other revenue. I believe I have the authority of one of the great religions of the world for prohibiting tobacco. I refer to Muhammadanism, which I believe prohibits the use of tobacco as well as of liquor. If you say that it is impracticable, I should certainly not agree, as there are large masses of Muslims who do not smoke. To prohibit tobacco would raise the economic position of its present users in the same way as prohibition of drink is supposed to do.

" Again, Sir, I believe this Government to a certain extent are followers of *hatha yoga* or the principle that by the infliction of further taxation they can expect to make people richer. I can understand your prohibiting the use of tobacco altogether, but I cannot see how you can better the economic position of the people by merely taxing them."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI:—" Mr. Speaker, I may at the outset state that I do not object to the levy of this tax on tobacco. In fact, I welcome the tax for the reason that among other things, tobacco smoking and the use of tobacco in other forms is terribly on the increase, particularly of the inferior brands. It is admitted on all hands that it is deleterious to health and on that ground I should think that taxation

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on this article should have been levied long ago. Anyhow, now that it has been placed before this House for consideration, I heartily welcome this measure.

"Sir, it will be remembered that the Taxation Enquiry Committee which met in the years 1924–25 recommended in unequivocal terms the taxation of tobacco. The personnel of the Committee consisted of two European gentlemen and four Indians of high reputation and standing. Sir Charles Todhunter and Sir Percy Thompson were the two European officers; the Maharajadhiraj of Burdwan, Sirdar Jogendra Singh, Dr. Paranjpe and Dr. Hyder were the rest; Mr. B. Rama Rao was the Secretary to the Committee. Sir, these gentlemen after going into the whole question, were surprised to find that tobacco had been left out of taxation all these years in this country; they therefore recommended very strongly that early steps should be taken to bring tobacco under taxation. I would therefore not object to this taxation in general, but my objection is only to some of the offending clauses in the Bill and I would like them to be set right at the time the clauses are considered by the Select Committee.

"Sir, it has often been urged that tobacco having come to be so universally used, it would become a tax upon the poor people. I do not think that that argument has any force. Three methods of taxation are contemplated in the Bill: the grant of licences to the monopoly vendor, grant of special licences to companies to sell in retail and the third is the grant of licences to the wholesale dealer. The last two classes of licences, namely, the grant of licence to companies in respect of specially high class brands and superior varieties of tobacco, and the other licence to the wholesale dealer, may perhaps clash with each other; I mean the interests of the wholesale dealer and those of the retail dealer may clash with each other. Whatever that may be, Sir, the interests of the monopoly dealer would certainly clash with the interests of both these dealers. Sir, the provision regarding the monopoly dealer has been considered to be a very objectionable feature in the previous Bill also and it was therefore dropped after consideration by the Select Committee.

"Sir, apart from the difficulty of working the monopoly system, there is also this trouble of the monopoly vendor dictating his own price for the goods that he retails since he is at liberty to fix any price he likes, because no provision is found in the Bill to regulate or fix the price at which the monopoly vendor should sell tobacco. He is therefore left free to impose any sort of rate or price as he likes. The same thing obtains under the abkari system. According to that the monopolist has a right to vend liquor, that is, toddy or arrack, whatever it may be, and he puts his own price. I am afraid the same may be the case when the tobacco monopoly comes into existence.

" Apart from this, Sir, there is the greater evil. It is just possible for a monopoly dealer to dictate his own price for tobacco and create difficulties in the way of the tobacco grower. It is on that ground that I seriously object to the system of monopoly licence. For instance the monopolist will offer to the tobacco grower a very much lower price than the market rate; and unfortunately, the combination among the tobacco growers is not so strong as to defeat the object of the monopolists in this matter. Therefore, the growers will have no other option but to sell tobacco to these monopolists at such rates. In other words, it will be placing the growers of tobacco at the mercy of the monopolists. Therefore I strongly object to the introduction of the monopoly system. After all, Sir, the agriculturists, whose margin of profit is already very small, have to take particular care of their interests. As you know, Sir, tobacco requires much greater attention to grow than other crops. It has to be heavily manured and individual plots have to be taken special care of in order to produce a good variety of tobacco, and unless special attention is paid by the grower it is not possible to place it on the market. That is the trouble. Therefore, Sir, to place the industrious and hard-working grower of tobacco at the mercy of the monopolist, seems to be very hard and undesirable. I would therefore request the Hon. Mover of the Bill to go into the question once again and drop, if possible, the provision relating to the grant of licence to monopolists. I think that was the reason why a similar provision that was made in the Bill of 1935 was dropped after the deliberations of the Select Committee. I therefore very respectfully urge on the Hon. the Mover of the Bill to take these points into consideration.

" Sir, as regards the other aspects of the Bill, I have not much to say except that under the penal provisions, I find that the punishments proposed to be imposed are very high. Rs. 1,000 for the contravention of the provisions of the Bill and Rs. 50 every day so long as the breach of the provisions continues, seem to be rather high. I hope that during the Select Committee stage these high penalties will be reduced to keep them in consonance with the condition of the people in the Province."

KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" Sir, if I rise to speak on this Bill I do so out of a sense of duty that I owe to my constituency of Trichinopoly which is considered to be one of the chief centres of the tobacco industry. The most objectionable feature of this Bill is, of course, the monopoly system which it seeks to introduce. As far as this system is concerned, as the Hon. the Premier has already said, he is only too well aware of the objections to the monopoly system, but then he has not explained to us the reason why he is resorting to this objectionable system in this matter. I should humbly submit to him that in the peculiar circumstances of the tobacco growers and the tobacco trade, this Bill is likely to work havoc, because

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as the previous speakers have already put it, under this system, the tobacco growers will be placed at the mercy of these monopolists. Now, Sir, as the trade stands at present, there is keen competition among the buyers and naturally the grower gets the best price that is possible in the market. But under the monopoly system, that price cannot at all be guaranteed to the poor growers. Sir, since this Government have been always saying that they are taking the utmost interest in the welfare of the agriculturist, I submit that this is a measure which, if construed in that light, ought to be given up without any further consideration. Further, Sir, so far as the grower is concerned, I happen to know something of the actual circumstances under which he is working. He is too poor to raise the crop without help from the purchaser. Very often, these purchasers advance money even before the grower sows the seed on the ground; the help that the grower gets from the purchaser will certainly be lost to the grower as a result of this system. To that extent, 5-15 p.m. I think the clauses in the Bill regarding the monopoly system should certainly not find favour in this House. The monopolist knows only too well that any grower is bound to sell to him, having no other go. He will certainly feel his own importance in the matter and will not certainly go out to advance money to the grower. There is also a further reason. The monopolist cannot be certain that he will be getting the monopoly next year, so that there is no cahnce for him to wait if the grower is not able to pay back the advance in the year in question. He cannot wait, therefore, to take back the amount advanced at the convenience of the grower. Therefore, even if the monopolist happens to be one who will be able to advance, he will not be well advised to make advances to the growers which are necessary for them; and so the growers will be denied the financial help that they have been getting all these years. So, I am sure that the monopoly system will operate to the disadvantage of the grower. It will certainly work havoc among the growers of tobacco and if really the interests of the tobacco growers counts for anything in the estimation of the Government, I submit, Sir, that the measure ought to be dropped."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Mr. Speaker, the importance of this measure has become much minimized on account of the other measures that find a place in the agenda. If the Tobacco Bill alone were under the consideration of the House, the House will not be as dull as it now seems to be."

MR. SPEAKER:—" I think the House is very active, considering the speed with which the business is being transacted. I do not know why the Leader of the Opposition feels dull."

THE HON. SRI T. PRAKASAM:—" He perhaps feels depressed."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I am never in the habit of using tobacco and I do not know the effect that it produces, whether it depresses or stimulates."

THE HON. SRI C. RAJAGOPALACHARIAR:—"Tobacco has been well known as a depressant. It is a narcotic and depressant and it is not a stimulant like alcohol."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"There is no wonder, then, that the House seems to be dull.

"That apart, I only wish to say that there would have been many helpful suggestions for improving the provisions of the Bill, we would have received very useful criticisms from many quarters, had it not been for the fact that this Bill has been taken up for consideration along with greater measures of taxation like the Sales Tax Bill. Otherwise we would have an agitation such as the one that we had in connexion with the Tobacco Bill that was introduced in 1935 in the old Legislative Council.

"I am at one with the Hon. Premier in the principle that it is a luxury. But so far as the financial aspect of taxing that commodity and the implications and reactions it will have upon the industry and the retail trader are concerned, I wish to make certain observations. It need not be understood that I am against the principle of taxing tobacco. The question that has to be considered is the manner in which the Bill has been placed before the House. When the Hon. the Premier informed the House in his Budget speech of the proposed tax on tobacco, we had no indication as to whether he was merely going to republish the old Bill as amended by the Select Committee of the old Legislative Council, or bring forward an altogether new Bill. We now see that the most obnoxious and dangerous provisions of the old Bill which were left out during the Select Committee stage, find a place in this Bill. It would have been an entirely different proposition if the Government had restricted themselves to the idea of taxing the higher grades of tobacco, such as cigarettes, particularly foreign-made cigarettes and cigarettes manufactured in India in recent years. There might not be any objection to it and perhaps it would have been unanimously passed by the House.

"It is well known that tobacco is sold in all the shops in our villages. That being the case, we have to consider in the matter of raising revenue, whether we would be merely collecting revenue from tobacco sales, or in addition to that we will be putting these small traders to a lot of trouble. My contention is that the proposals as they are contained in the Bill will not only mean that the small trader will have to pay the tax but also he will be placed at the mercy of the monopoly vendor. It has to be remembered that the small trader does not sell tobacco

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alone; he sells it in addition to other articles. It may be that out of the twenty things that he keeps in his shop, only ten may be productive of profits, and the other ten he may either have to sell at cost price or even lower than that, so that he may not lose his customers. There are more than two hundred thousands of such small shops. These people will be put to considerable hardship.

"Then there is the other thing that a new trade is being set up by the Government on behalf of the monopolist. I do not think that it is the intention of the Government to set up a trade for such persons. If money is all that is wanted, let them go to the country straight for money alone, instead of putting people to much difficulty. The proposed system of getting revenue from the persons selling tobacco by means of the monopoly vend will be detrimental to the interests of thousands of persons who are now engaged in retail trade. What will happen, as far as I could guess, is that the monopolist, even if he pays a very high fee or a moderate fee, will be inclined to make as much money as possible in view of the fact that his getting the monopoly vend for the next year is uncertain. My hon. Friends that have spoken on the Bill have clearly explained how the monopolist will so arrange things that those who are now in that trade will go out of it altogether, thus intensifying the already pressing problem of unemployment. Tobacco is being sold by many shopkeepers, almost all the shopkeepers; and to drive them out of that trade is indeed a catastrophe. Therefore, I submit that the present trade arrangements should not be unduly upset. There may be persons who oppose the tax but even those that do not object to the imposition of the tax will agree with me when I say that these persons should not be put out of employment. The shopkeepers may be very willing to pay the licence fee of Rs. 5 or Rs. 10. According to the old Bill the wholesale vendor was to pay a fee of Rs. 25, the retail vendor, broker or commission agent Rs. 5 and the hawker was expected to pay Re. 1. If the Prime Minister is not satisfied with the rates, it is up to him to suggest higher rates and we shall bargain about it. That is a different matter; that is a straight way of collecting taxes. But if any one class of people are to be given advantages over others, therein comes the difficulty. The present Bill, I am afraid, creates a class of monopolists who will make much money. Further it may well be that the person having the monopoly of vending may not be the person who is in this trade; even financiers may come in. I submit, therefore, that such opportunities should not be given.

"There is the other point which has been referred to by the previous speakers. Under the present system the grower has got a very restricted market for his goods and he would not be having the forces of competition operating in his favour. It would be

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in his interests, it would be to his best advantage that there ought to be as many people as possible to purchase his produce. It is a well-known fact that tobacco is used in our country not always as a finished product. It is used practically as a raw product. But under the monopoly system, these people cannot purchase direct from the grower and the opportunity that was given to the grower of accepting the best offer and rejecting the rest, does not present itself under the proposed system. I am definitely of the view that the wholesale people will form a ring and come to some arrangement as to the prices to be paid; they will have a quota system just as they had in Ceylon with regard to the trade in cigarettes. If such a system obtains in our Province—say if a ring were formed in the Trichinopoly district or in the Coimbatore district—who will be the people that will suffer? It will be the growers.

"I am sure the Hon. the Prime Minister will say, 'What is all this pleading for? Is it really made on behalf of the growers or is it only for the purpose of avoiding the tax?' I am not coming to the question of taxation now; I will take it up later. We are now considering the merits of the measure. My submission is that in addition to setting up a tax machinery, the Board of Revenue, they are also setting up a class of monopolists which is going to be oppressive. I hope that when this House passes the motion referring this Bill to a Select Committee, the House does it with the fervent hope that when the Bill emerges from the Select Committee, all these objectionable clauses will have been deleted. But the Prime Minister may like to get the maximum amount of money by means of this Bill. We see from the Budget that has been passed that only a sum of 17 lakhs was not found; and I say that considering the amounts that have
5-30 p.m. been voted, this is not a large sum. He can get it easily from any one of his numerous taxation proposals; and if he wants money for the next year, well, this Government will not disappear next year, they will be here and we too will be here; and if only all the sixteen thousand or twenty thousand small retail dealers pay a sum of one rupee per head the amount may be made up. Perhaps he may say, 'We want to have a larger sum.' He is going to have a sales tax. I do not want to anticipate what he will say on that. If there is trouble next year the same net may be spread as is now being done; we know the net will not be removed. So let there be an easy measure; let the Government get all the statistics of the people selling tobacco; let them say any person selling tobacco, even in remote villages, shall pay a tax. It can be easily collected, even as land revenue is collected, from the small provision merchant who sells tobacco along with other provisions. Therefore, the first attempt should be to tax all persons selling tobacco. And in the case of factories where there are two hundred workers or more a sum

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of Rs. 100 may be levied as tax, and in cases where there are 200 workers a sum of Rs. 50 may be levied as tax. I think that will be a great improvement. I only suggest this in the larger interests of the people themselves and also with the object of not disturbing the real economic life of thousands of people and ordinary shop-keepers. It is not a question of very rich merchants alone or of the middlemen merchants. Such people will find themselves affected by the sales tax. The small retailers for whom I plead are persons who will not be affected by the sales tax, as their turnover per mensem will not exceed Rs. 30.

"Now, I only wish to say a word on the question of excise analogy. The policy of the Government as I understand it, with regard to drink is a higher policy and it is a very big problem. And even with regard to matter of revenue we are reported to have higher receipts. I submit that as regards tobacco this measure should be a mere tax-gathering bill and the tax should not be oppressive.

"Then with regard to the issue of special licences, there is an inconsistency. While adopting a monopolist system they should not have special licences. If you increase special licences, the monopolists will suffer. Then with regard to special permit-holders, I think the rate is unduly high. The ten per cent rate is very heavy, and if the commodity should pass through three hands the rate becomes 30 per cent. For, the Bill says the tax is to be levied on the turnover. Suppose Messrs. Spencer & Co. at Dindigul manufacture and sell their cigars to a wholesale merchant at Madura, then a 10 per cent duty is levied on their sale; and suppose the Madura wholesale dealer sells the goods to some other merchants in Madras or some other place, then on the Madura merchant a 10 per cent tax is levied on the turnover of his business, and similarly on the merchant who buys from the Madura wholesale merchant, when he sells it to another. Thus the 10 per cent tax really becomes a 30 per cent tax. I am not quite sure whether this is the procedure; if I am wrong I shall be glad to be corrected. I do not complain about consolidating the tax; I only submit the turnover tax is very heavy. The first and most important point I would suggest to the Hon. Premier is that he should take this Bill in an easy manner at this stage as well as in the select committee stage and even in the later stage. If he wants more money from this source he should think of removing monopoly altogether and be at the same time reasonable in fixing the rate of tax."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, whatever might be the reasons, I am gratified to find that the opposition to this Bill has been considerably narrowed down. I welcome the very clear statement of Mr. Appadurai Pillai that it is good that tobacco is brought under taxation. The principle of it, therefore, is welcomed by an important member on the Opposi-

tion benches, which confirms me in the view that we are doing on the whole a good thing, which is the proper foundation for a measure of this kind. (Opposition laughter.) We might commit mistakes in detail, but those mistakes can always be corrected, if not in the second reading, later on; if not in the select committee, even later still; and if not then, even later still. The question is the principle. So far as that is concerned, I am glad that no less important a person than Mr. Appadurai Pillai has blessed the measure. (Opposition laughter.)

"Then, the question is one of detail. There was another concession with regard to detail which gratifies me to the same extent as the admission with regard to principle. That foreign, or what may be called foreign manufactured tobacco, such as cigars, cigarettes and things of that variety, which are preferred by the well-to-do might be taxed, and there is no harm in it, that was conceded, I think by Mr. Hameed Khan, (interruption) or whoever it may be; and the general impression created in my mind was that it was accepted in responsible quarters. So that that part of it stands approved—namely, taxation proposed with regard to high grade tobacco.

"The hon. Leader of the Opposition pleaded for a reduction of the rate of tax that should be imposed on the total value of things sold; but that is entirely a matter that can be postponed to the select committee, where, as to how far it should be reduced and why it should be reduced, I have no doubt, will be gone into thoroughly. (Mr. Abdul Hameed Khan: Promise?) I give my promise that at least for the sake of not killing the goose that lays the golden eggs, I would accept such proposals, I would be persuasible in regard to such proposals, even if I should not have a better motive. That is one-half of the Bill.

"The main attack has been on the method of collection of the tax leviable on the other forms of tobacco through the monopoly vend system. As I have already said at the outset, there are things that can be said against the monopoly system; and they are important things; and they have been said with very great emphasis by speakers on the other side. But I do wish to state that many of the things said are exaggerated, and some of them are said without taking into note the conditions that will be created by the proposed measure. It is easy to say for instance,—I will give it only as an instance—that the small *pan* dealer will be disturbed in his business; his business will be taken away; and therefore, the Government is interfering, not only levying a tax (which is good and leviable according to the Leader of the Opposition), but interfering with established business of poor people. I say this is an instance of lack of imagination. I want to know, which renter who purchases at the Government auction the right to vend tobacco in a certain area can dispense with these *pan* dealers, can dispense with these small retail dealers? Can

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the monopolist carry on his business properly and satisfactorily and to the extent to which he would like to carry it through, without the help of these dealers? Can he dispense with them in this trade? I say, it is impossible. Unlike liquor, there are in this system that we are trying to introduce, certain circumstances which make it different from the liquor trade. There is no restriction as to the number of retailers that can be established by a monopoly renter, who has taken out at auction the right to vend in a particular area. There is no restriction. There is no question of people saying, 'Don't have a toddy shop here or an arrack shop there;' there is no question of Government interfering with the number of establishments, the number of branches that he will set up. Only the area of business will be limited by the Government. Do speakers speaking on the other side imagine that a monopolist will successfully carry on business and make a profit, if he restricts his business in the tragic manner in which the other side has chosen to draw the picture? I submit, 'No.' It is quite obvious that the monopolist will say, 'I want you, you, and you, and you also. Please sell for me. There is no limitation as in the case of drink; you may sell as much as you can; there is no closure; you can carry on the trade day and night. Therefore you will sell for me, and you will give me so much out of the margin that you make,' etc. Therefore, the picture that has been drawn on the opposite side with reference to the monopoly system needs a great deal of modification and retouching.

"Then, I shall give another instance. They take it for granted that the monopoly holder can dictate his own terms to the grower. Here again, there is lack of imagination with regard to details that will come up. I do not blame the other side; for it is difficult to picture out how a thing will shape itself, which is entirely new to us. I want to remind hon. Members who have spoken on the other side and pleaded on behalf of the growers and charged us with inconsistency and want of sympathy to the growers and the agriculturists, of one thing. These considerations will fix the areas, these considerations will serve to help us 5-45 p.m. to settle areas, the size of the areas that the monopolist will reign over or rule over. That is to say. . ."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"What is the area?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"It will be fixed with reference to two conditions. I won't be able to give a flat figure just now. It will have to be fixed with reference to two considerations. The places where tobacco grows more easily and where the grower will have to find a market, and secondly, the consumption and the demand in the areas and the amount of mutual restrictions that can reasonably be imposed with reference to these two considerations. I submit that as a matter of fact, in

working out the details, it will be seen by all Members who now have shown apprehensions, that these apprehensions have no reasonable grounds. They will find that the principle of competition will certainly continue to operate, because the holders of the right to vend will be sufficiently large; and the man who claims that he cannot sell a unit at one rupee when the monopolist demands it for 12 annas, will find that he has a wholesale dealer nearby to whom he can go, who will sell it to others, and who will pay him at fourteen annas six pies or fifteen annas. The monopolist vendor is not the only man who can buy. The wholesale dealer who will have licences to purchase and deal in tobacco will be there, to help him out and he will be in correspondence with other dealers and with exporters and so on. The principle of competition will have a wide enough field to operate in regard to this matter and it will not place the grower at a disadvantage. According to the scheme of the Act, any grower will be entitled to sell to any licensed vendor or licensed dealer, not merely a retail vendor, but a licensed dealer. Therefore there is no restriction in the monopoly created in regard to the wholesale dealers at all; that is to say, if they are holders of licences, they will deal in tobacco and their business will be to purchase and sell; therefore they will be the channels through which the grower will find his purchaser. Even now those who are in business, if they only say it frankly, will admit that to-day it is a monopoly. It has not really an open market. There are a few people who lay down terms and fix the price and the grower is at their disposal. There is the ring as was referred to by some hon. Members and there is already the unofficial monopoly system practically ruling and regulating the trade. Take the case of hides and skins. Can the villager who has the skin, demand his terms? There are only a few people who will buy from him; only those few people who can lend him the money and can buy from him, lay down the prices. These people hold him in their hands and they are not only holding him in their hands on account of the ring or monopoly that is unofficially already there, but also on account of the advances paid, to which reference has been made. In every business in our country the grower or the producer is already in the net of a practical monopoly and the money-lender adds to the strength of that monopoly. Therefore, there is no use pleading before us that this Bill is going to bring the man into more trouble. As a matter of fact, the wholesale dealers will be competing with one another so far as it is possible; the wholesale dealer will be competing with the monopolists so far as it is possible; that is to say, according to the circumstances of each unit. We cannot get over the natural restrictions which are there even now; and that is what I referred to when I said that even now the grower is in a net. Then, Sir, if that is the principle, the size of the areas will regulate the competition even among

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the wholesale dealers and monopoly holders. If for instance a *beedi* manufacturer finds that the retail dealer here does not offer proper prices, he will sell to the next retail dealer. Human nature being what it is, there will be a fair amount of competition in this field as there is even in the far more restricted field of liquor. Can a renter of toddy or arrack lay down his own terms? To a certain extent he will not be able to. In the case of the toddy renter or the arrack renter; there are many more restrictions; there is only a particular number of shops allowed and so on. Here there is no such thing. Therefore, I submit, there is enough field here for fair play and the principle of competition. I do not say that the monopoly system is as good as an open market. It is very different from an entirely open market, but at the same time, there is no use in exaggerating the picture and in painting it with a thick brush in opposing this measure. So far as it is possible, a certain amount of competition will have its play; it will have its right place in the monopoly system; and the Government are bound to say that the grower is protected so far as there is a fair amount of competition as between the various areas that are being specified. If a man becomes extremely unreasonable, then the business will go to the next vendor. There is no doubt about it. With these explanations, Sir, I do hope that the House will allow this Bill to be referred to a Select Committee which will thrash out the details. I propose the following gentlemen to be members of the Select Committee:—

1. Sri S. C. Venkatappa Chettiyar.
2. Sri P. Buchappa Nayudu.
3. Sri M. Pallam Raju.
4. Sri R. Raghava Menon.
5. Sri V. C. Palaniswami Goundar.
6. Sri G. Rangiah Nayudu.
7. Sri H. Sitarama Reddi.
8. Sri Grandhi Venkata Reddi.
9. Sri B. Bhaktavatsalu Nayudu.
10. Abdul Hameed Khan Sahib Bahadur.
11. Abdur Rahman Khan Sahib Bahadur.
12. Mr. G. E. Walker.
13. Basheer Ahmed Sayeed Sahib Bahadur.
14. Hon. Sri V. I. Muniswami Pillai.
15. Hon. Sri C. Rajagopalachariar (Mover)."

MR. SPEAKER:—" The question is that the Madras Tobacco (Taxation of Sales and Licensing) Bill, 1939, be referred to a Select Committee consisting of the following members:—

1. Sri S. C. Venkatappa Chettiyar
2. Sri P. Buchappa Nayudu
3. Sri M. Pallam Raju
4. Sri R. Raghava Menon

5. Sri V. C. Palaniswami Goundar
6. Sri G. Rangiah Nayudu
7. Sri H. Sitarama Reddi
8. Sri Grandhi Venkata Reddi
9. Sri B. Bhaktavatsalu Nayudu
10. Abdul Hameed Khan Sahib Bahadur
11. Abdur Rahman Khan Sahib Bahadur
12. Mr. G. E. Walker
13. Basheer Ahmed Sayeed Sahib Bahadur
14. Hon. Sri V. I. Muniswami Pillai
15. Hon. Sri C. Rajagopalachariar (Mover)

with the instruction that a report may be made before the 17th April 1939."

The motion was put and carried.

MR. SPEAKER:—" I appoint the Mover, Hon. Sri C. Rajagopalachariar to be the Chairman of the Select Committee."

(3) THE MADRAS SALES TAX BILL, 1939.

*THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I introduce the Bill to provide for the levy of a tax on the sale of goods in the Province of Madras and move—

> '*that the Bill be referred to a Select Committee with the instruction that a report may be made before the 24th April* 1939.'

The list of names of members of the Select Committee will be furnished later.

" The Bill has been the subject-matter of considerable public discussion, considerable agitation and various Chambers of Commerce and associations have already submitted for examination a number of objections, modifications and suggestions. I therefore proceed at once to admit that the Bill requires very thoughtful consideration. Such being the case, how is it that we have sought to bring this measure without taking much more time and without allowing a much longer period for consideration on the part of all people concerned, not to speak of the general public? I respectfully submit, Sir, that this is not because we do not value the points that have been put forward and the considerations that are urged, but because a measure of this kind being a taxation measure has to be made in a different manner from a measure proposing for instance a piece of reform in society. We have to raise money in order to meet the expenditure which the country expects us to incur. We are not raising this money merely to serve as a fund for inventing new forms of expenditure. We are not asking for this money to be granted by the House on behalf of the people of this Province in order that we may satisfy the notions of improved administration such as may come to us from time to time. We are asking for this money in order

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to meet the expenditure which is demanded by the people, which is considered inadequate by the people and which they want to increase in various directions. And we are asked therefore to get the money; though not in so many words, it is the implication of it, when we are asked to find the money by the people. When the people and hon. Members representing the people demand expenditure and increased expenditure, I infer from it, and I have a right to infer from it, that it is the duty of the Government to raise the money required for it. (Leader of the Opposition: ' Question.')

" Then, Sir, the other circumstances that have to be kept in view is that the House has sanctioned the policy to which we are pledged, namely, to give up a particular revenue which depended upon the destruction of the families concerned and that is what has been constantly referred to as the Prohibition policy. It is possible to refer to a thing by a familiar name so often that we may forget the meaning of the subject itself. A thing that is constantly referred to is apt to be forgotten in its full detail. In that way Prohibition is tending to become a formula and a symbol and nothing more. Members are apt to forget the real merits behind the Prohibition policy which the House has accepted. I take care to refer to this aspect of the matter, because, unless we keep the motive clear, we cannot justify a measure of this kind which seeks to levy a tax from all and sundry. If the motive is granted as a reasonable and proper motive, and not only granted as reasonable and proper motive, but has been implemented by the House in the form of a legislation, then it follows that the House has already given us an implied sanction to levy duties or taxes in whatever form it may be, to raise the necessary money for meeting increased expenditure that they have sanctioned and for making up for the reduction in revenue which they have sanctioned.

" These are the solid foundations on which I put this Bill. I want, therefore, *that there should be no going back on* these foundations. If these foundations are accepted, then the question becomes easy of examination. But, if we revert to questioning 6 p.m.
the foundation itself, as at least some groups in the House will, and are entitled to, revert because they in particular did not give their approval, other hon. Members of the House who have given their approval *to that policy* should not chime in with those groups. I want hon. Members who oppose the Sales Tax Bill to remember this. They have granted us—many groups have granted us—by implication the right to find money, extra money to make up for the deficit created by Prohibition. It is not possible to put together the position from an anti-Prohibitionist group and the position from a Prohibitionist group in regard to this measure. I want the two to be kept quite separate. Of course if a poll is demanded, in the same block people may rise, some wholely pledged to Prohibition and some wholely unpledged to Prohibition; not

only in law but in fact also, the votes may be counted together. But I want the principle to be kept apart. I want the considerations to be kept apart because the moral value of these votes has to be added up differently. It is just as pounds cannot be added with shillings and pence. We have to total the pence, the shillings and the pounds separately. The opposition from the anti-Prohibitionists may be treated as the pence, i.e., as not mattering very much; but the opposition of those who are attached to Prohibition or pledged to Prohibition like ourselves is of greater weight. If not pounds, they may be shillings. They are very valuable, costly and precious and therefore may even go up to the pound. if the total is large. Therefore I submit that this distinction should be kept apart and should be remembered. The opposition, whether it is small or big, we regard as important. I therefore want to know exactly who oppose it, and how many oppose in each class. It is only then that I can gauge the strength of the opposition. There is no use in merely adding the Prohibitionists, the anti-Prohibitionists, exporters, importers, everybody; in that event my arithmetic will be as a First Form boy's arithmetic who may add rupees, annas and pies, pounds, shillings and pence everything together and finally say, 'I have got the sum total of all.'

"Then, Sir, I say that we have already the implied sanction of the House for this measure. And then the question arises: 'Why is it that you do not levy any other form of tax but this form of tax?' That is the next question. I want here to repeat what I have said to friends outside the House who came to me with objections. I say that we are not cleverer in the discovery of resources and in the invention of legislative measures for levying taxation—and we cannot be cleverer—than those who have levied taxes for a long time in civilized countries and who have faced similar difficulties and even greater difficulties. The Parliament of England and its advisers have gone into the possible forms of taxation, the right to levy which they can give to India under the system of Government which they have granted under the Government of India Act; and the Parliament, having considered all forms of taxation, divided them between the elder brother and the younger brother. They have framed schedules. They have given the Central Government of India certain taxes and they have given the Provinces certain other taxes. Now, if it were possible for an experienced body of administrators who dealt with the schedules to the Government of India Act in England to have found any other source of revenue, they would certainly have dangled it before us and said, 'Here, we have given this to the Provinces; here, we have given this to the Central Government.' They have exhausted practically all possible forms of taxation during present times. We are not speaking of the distant future when we may discover new forms of energy, new forms of matter and new forms of production which may furnish new forms of taxes for us. But

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as things stand to-day they have analysed the conditions and they have come to certain conclusions. Going through the schedules. we have not been able to discover any more paying, more elastic or more satisfactory measure than the sales tax which they have give to the Provincial Governments. Of course they have allowed us to tax odds and ends here and there. But, they are not going to give a revenue that we are asked to get on account of the policy 'to which, as I already said, we are committed—we, not only the Government but almost the entire House, almost the entire people of the Province. Therefore, we have to take the major items that are given in the schedules to the Provinces. Taking the major items, there is no item other than the sales tax which is worth discussing. If we had not introduced the Tobacco Bill it was possible for hon. Members to have met us by saying, 'What about tobacco? You have not tapped that. Why this general levy on all sales? Why don't you try tobacco which is not a necessary of life, which is so much consumed, which therefore you should have taxed, which we ourselves thought of in the previous Government but which we have not cared to do?' They could have met us with this remark. We have not exposed ourselves to that. We have brought this also before the House. Tobacco is also there. Give us the sanction for that measure, and give us the sanction also for this measure. If we find later on that the tobacco tax gives enough revenue to the Government, we do not want this general tax, which irritates everybody in the country; there is no objection to withdrawing it at any time; but to-day it will not bring that much revenue and we do not think it will bring that much revenue. Therefore we want both the Bills. If at any time it is found that the Tobacco Bill itself is enough to give all that the excise revenue was giving and to give all the money that the demand for expenditure will compel us to collect from people, then we shall have no hesitation to withdraw the Sales Tax. That is why the Tobacco Bill has come up before the Sales Tax Bill in to-day's time-table also. (Laughter.) We have taken every possible precaution. We have done everything that we can possibly do in order to justy a very unpleasant task which we are compelled to perform. Sir, hon. Members who had thought of the Tobacco Bill before and who gave it up, instead of opposing us, should have thanked us for taking over a very unpopular and unpleasant duty from them. But that is always the case. And, therefore, we need not ask for appreciation in that matter.

"So far as the Sales Tax Bill goes, let us examine the position now. Speaking generally the objections can all be brought together under one head, namely, anything that disturbs an established machinery of social organization or trade, is a wrong thing, unless it is necessary. I am conservative enough to admit the proposition at once that unless it is necessary to disturb an existing organization, you should not disturb it; because the lives of

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families, the lives of individuals as well as families of all groups, I believe, have been so ordered as to get inextricably mixed up with an existing state of affairs and any change involves vital pain, loss, injury and difficulty, not to speak of mere irritation. I admit that. It should not be justified unless it is necessary. Now, I have tried to show so far that it is necessary, because I have proved two things. I have proved that it is necessary to raise money. I have proved that the schedule is framed in such an exhaustive manner that it is idle to think of any other form of taxation; and therefore the sales tax being the only thing that we can have, it is a necessary disturbance of the existing order and we must put up with that amount of difficulty that will arise on account of the disturbance of the existing order of things. We cannot avoid the disturbance; for we cannot say that it disturbs and that therefore we shall give it up. If we give it up, we give up the schedule practically; it amounts to that. And, if we give up the schedule, practically it means we give up the whole game. There is nothing more to do. Therefore it is that I say: 'Let us remember where we begin and let us see exactly where we stand.' We stand here with this single alternative of the sales tax. The only thing we have to do is to consider: 'How shall we regulate and how shall we proceed with it so as to mitigate the disturbances that are necessarily to be caused by any new tax?' Now, look at the wonderful circumstance of it. I should have blamed the British Government over again in this matter, if I were so unkind; but I cannot blame them. They have given for the provinces not only the sales tax, but, for the first time in India, this tax. Imagine the generous British Government giving to the Centre all the taxes to which the country is already used and giving to the provinces all the taxes that the country has not so far ever seen the working of! They have given us death duties; they have given us the agricultural income-tax; they have given us the sales tax; so that they have picked all possible avenues which are so entirely new and so full of thorns that we have to cut for the first time through jungle and virgin forest. This thing cannot be said to be generous. But what else can they do? I can show many other things that they could have done. But this is neither the occasion nor the time for me to do that. We are to deal with things as they stand just now. Therefore I can only rest content with the complaint that I have made. It stands uncontradicted and as the only thing before us and there is no alternative to it. Not only is it new to us, but, as already many members have spoken, though not in the House, it is not accepted even in England; so that the Government of England have chosen to give to this unfortunate Provincial Government not only a new tax but a tax which even England would not accept so far. Such is the generosity. Such is the nature of the task which they have given to us. They have asked very generously all the Provincial Governments.

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Mr. W. K. M. LANGLEY:—" On a point of order, Sir. Is it not the case that the British Government quite seriously considered the sales tax in England? But it happens that the cost of services and distribution enter so largely into the prices of goods that they found it impossible to separate them, whereas in this country the cost of distribution is so much less."

The Hon. Sri C. RAJAGOPALACHARIAR:—" It does not serve me to contradict that argument. That is to say, I do not deny that England has very good reasons for not having the sales tax. The point made is that England has good reason in not having the sales tax and that there is good reason for India having the sales tax; and that is why I have brought the Sales Tax Bill. (Laughter.) My point is not to blame England. My point is to get this Bill through. There is time enough to blame England. If we do not succeed in getting it through even in the difficult circumstances that they have placed us, if it is satisfactorily proved by what Mr. Langley has just said that England was not wicked, it only confirms my own impression. I have put it in this way that England's action has not been generous. I do not at all say that she has been deliberately wicked and chose a difficult thing to give us. That is only in the result. But the 6-15 motive is not in point at all and Mr. Langley has only served to p.m. throw more light on an assumption which I had in my own mind and to which I did not think it necessary to give expression just now that it was not sheer wickedness. But in the result our difficulties are equal. Whether a man puts a knife into me for a surgical operation, or whether he puts it in order to cause me deliberate injury, the pain is the same. It may be England has very good reasons to give us the sales tax. Our difficulties are all the same whether England had a good reason to have it for herself or to give to us. The principles are the same. It makes no difference. Hon. Members opposite are quite aware of the amount of difficulty that we have to meet in order to get this sales tax through. England has placed us in that very uncomfortable position for which I may be permitted to make a complaint, though I am not attributing any motive. Well, here we must begin on new ground once again."

Mr. SPEAKER:—" I suppose Mr. Langley does not want a ruling from the Chair." (Laughter.)

The Hon. Sri C. RAJAGOPALACHARIAR:—" I am grateful, Sir, for the interruption, because it serves to clear my own position. Very often I leave a part of my mind unexpressed; and it would have been better for me to say clearly that I did not impute an original wicked motive. I am only dealing with the consequences; but I had thought, without thinking about it too deeply, that the matter was clear. Now Mr. Langley has made it perfectly clear by his interruption.

" Then the difficulties of this Government are the same, whatever might be the causes; it is the difficulties that are relevant,

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How shall we mitigate these difficulties? It is true that this is a new tax, it is true that this is a tax in which not even England has any experience. We had to refer for what information we could possibly get with regard to the administration of this tax to other countries than England. Naturally information in India about non-British countries is meagre. I believe some Members who are differing on very important matters are not aware whether the sales tax in France is only an urban tax or whether the tax is urban as well as rural. Therefore our difficulties are great and we have to deal with a new soil, I submit. Whatever may be the change, whatever may be a new reform, whether it is a taxation measure or whether it is any social reform measure even, when a change is brought about, certain existing vested interests have to be disturbed. Even if we introduce a thorough-going good reform, many difficulties must necessarily arise with reference to the people who have already shaped their lives in relation to the old order of things. Supposing we abolish polygamy. Men might have lent money for a second marriage; certain men might have arranged for everything and might have purchased even the vegetables necessary for the function. It has to be stopped suddenly on a particular day. Are we to postpone the enforcement of the Act up to a certain point until all previous commitments are liquidated? I have given a fictitious illustration. But it is not different from this in principle. You may build up a number of illustrations and circumstances ranging from imaginary up to actual facts. It is a gradation only. Let me give another instance. Members constantly refer to retrenchment. Supposing we suddenly think of a particular retrenchment in the expenditure of Government in the administration. A man has just finished his B.L.; he has just passed his age-bar. He has just secured this job. You are abolishing it. He cannot secure any other job. Have not Members complained and have not gentlemen complained in this manner? Every reform, however good it may be, will upset previous calculations based upon previous state of affairs. When we deal with a taxation measure, which must necessarily concern business and trade, which have already committed themselves to that extent to a former state of affairs, these are bound to be upset and we cannot help it. No change in this world is possible unless we are prepared to suffer this minimum inconvenience. Even a house cannot be repaired if the inmates of the house do not live in the open to some extent. We cannot repair anything, we cannot correct anything in the world, unless we suffer a minimum amount of disturbance of vested interests.

"This is also, Sir, a starting point, as I would call it. We must admit that a certain number of difficulties, a certain amount of inconvenience have to be borne and even injustices will have to be tolerated. Then, how shall we mitigate these difficulties is the work for the Select Committee. The principle is that there are two or three broad points which may be taken up at once. Shall we select particular commodities which can bear this taxation, and

start with taxing them, if necessary, at a higher percentage than you propose, and shall we leave certain other commodities altogether free, so that the difficulties may be mitigated? That is a matter of general principle which may be raised in mitigating difficulties. Then, as against it, we have other considerations. We have considerations like what merchants quite easily understand, namely, that trades are mixed up in our country, that businessmen do not deal in particular commodities except in a few cases and that they will have to keep separate accounts for inspection. All these will become harder still, account-keeping will become more difficult, and it will be a task to many a common trader to satisfy the exacting demands of the Revenue department that may be set up for this purpose. Then again the question arises whether we have to tax only the profits or tax the turnover. That again is largely a difficulty created for us by the constitution. We cannot infringe, we cannot get into debatable ground, and therefore, we cannot tax profits, we cannot tax income. Then the question is that you may perhaps, through taxing the turnover, lay too heavy a burden upon the businessman. Generally I might answer many objections together in this connexion. There are contradictory arguments put forward. It is not as if contradictory arguments are out of order; they can be put forward. There is nothing objectionable in that, but for reasonable men it is better to give non-contradictory arguments. I do not say that it is not open to the Opposition to say in the same breath, 'All this taxation that you impose is going to be transferred to the consumer or the producer. It is the poor man that is suffering. You, who pretend to represent the poor man, are continually deceiving him and you are holding office by means of these deceptions. You are deceiving him now again and you will levy a heavy bill upon him.' Again in the same breath the very same people urge, not even a different group, but the very same people and the very same individuals, 'We cannot transfer this burden to the consumer. We have ourselves to bear it. Our margin is so small that we are going to be ruined and squeezed out.' I submit that both cannot be true in any particular case; one or the other must be true. If it is the one, we shall share the blame and the consumer will share the burden: because after all, we are not placing the burden on the consumer merely for the pleasure of it. We are placing it on the consumer because we are really relieving some people of taxation to some extent and we are going to use the money so collected for the people themselves, so that the consumer or the producer does not stand to lose, even though he pays the new tax. He gets the full benefit of it from the Government, because it is the tax that he pays for necessary and proper expenditure and not for speculation or for new forms of expenditure. Therefore that argument is not very valid.

" As regards the other argument that it cannot be transferred, and that it cannot be shifted but would fall entirely on the businessman, that depends on the quantum, that depends on the nature

of the trade and that depends on how you deal with it. Therefore, Sir, I say that it is for the Select Committee thoroughly to examine. I want therefore, that at this stage this Bill should be accepted by the House and sent over to a proper Select Committee to discuss the matter. If it is impossible for the Government to accept merely putting it off, no taxation measure in the world is ever sent round for public opinion. No Government can function in that manner. We have to act upon the authority that we have received and on the general principles on which all Governments have to act; that is to say, if the country wants the previous state of affairs and does not want any new taxation, even though it is the only form of taxation, it is open for the people to send us out. It would not do to say we shall consider this tax next year or the year after. I submit therefore, that the Bill be approved by the House for being sent down to a Select Committee.

"A very proper suggestion that I should say a few words in Tamil or Telugu has been made; but I think I had better reserve my little energy, because there will be again an opportunity for me to have to reply to the strenuous objections that are likely to be raised; I think then I may be able to deal with it entirely in Tamil instead of in English."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Sir, I move—

'*that the Madras Sales Tax Bill, 1939, be circulated for eliciting public opinion thereon.*'

"My task has been very much lightened by the Hon. the Premier, for in the latter half of his speech, he made out a case for further information being gathered in order to make this Bill less injurious to the people who will be affected by this measure. In so many words he said that he is practically groping in the
-30 dark and that this measure is a thorny measure After those
m. very effective and emphatic words used for characterizing the need for referring this measure for eliciting public opinion, I do not think I can add anything to commend this motion which I have moved for the acceptance of the House.

"Sir, the Hon. the Prime Minister himself said that some of the merchants who belong to the various Chambers of Commerce did approach him and were not in a position themselves even to know from the Hon. the Prime Minister what exactly is meant by this measure, what its implications are and how it is going to affect trade and industry in this Province."

MR. SPEAKER:—"Is the hon. Member speaking on his second amendment?"

ABDUL HAMEED KHAN SAHIB BAHADUR:—"No, Sir. I am not referring to my second amendment. We do not know how this measure is going to affect the agriculturists of our Province, our trade and our industry which are in a very deplorable state. Our industry being in its infant stage, we have to

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be very careful in enacting any measure which will affect it adversely. It is true that in some other countries something like a general sales tax is levied in times of crises and no such piece of legislation is permanently put on the statute-book. This is more or less an emergency measure intended to tide over some critical times. But the measure now before the House is not intended to be in force for a short time only; and not only that, it is a new measure of taxation, the implications of which we know nothing about. Of course I do realize that when once some of us agreed to a policy of Prohibition and, incidentally, consented to forego a portion of the excise revenue, it is incumbent on us to give our support to taxation measures intended to make up the revenue given up. I am one of those who whole-heartedly supported Prohibition, and therefore, my Hon. Friend, the Premier, would say that it does not become me to criticize the taxation measure which the Government have thought fit to introduce to augment their resources. Sir, I certainly believe that I should support any Government which intends not to wreck the existing constitution but to work it satisfactorily and for the benefit of the people of the Province by certainly losing revenue in certain directions and enhancing the revenue in certain other directions. But I have the right to differ from the Government so far as the nature of the taxation measure brought forward by them is concerned. I know, the Hon. the Premier has anticipated me, and said that his hands are tied; the schedules of the Government of India Act are there; they do not enable him to levy any other taxation than this. According to him, another point in favour of this taxation is that this is a measure which will bring to the coffers of the Government anything between 1 to 15 crores of rupees annually. I do not know whether this estimate is correct; I am afraid the Government themselves do not know what are the transactions that are sought to be taxed. Even experts, persons who are engaged in large business, have not been able, from a perusal of the Bill as it stands to-day, to say what kind of transactions will be taxed and what not. We do not know yet whether retail business is going to be taxed, or whether it is only the wholesale business that will be taxed and whether export trade is going to be taxed, leaving the import trade untouched and also whether all lines of business are going to be taxed all at once. Therefore it is necessary that the Bill should be referred for eliciting public opinion.

" Sir, the Hon. the Premier said that there is no consistency in the opposition which said that the trade will be adversely affected by this Bill and in the same breath said also that the tax will be transferred to the consumer. Sir, this is a very intricate question. It is not possible to say ' Yes ' or ' No ' in regard to any matter concerning this Bill. This is a very complicated Bill and it is only those who are engaged in business that can understand it. There are certain lines of business in which it is impossible for the businessman to transfer the burden of this tax

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to the consumer. And, so far as the export trade is concerned, who is the consumer, Sir? The consumer is not in India. The business is an international business. International trade cannot be governed by the varying rates in our own Province on account of the existence or non-existence of a particular tax. Nobody who has international business connexions will be in a position to vary his rates based on local taxes. He will have to sell his goods at the rate prevailing in the international markets. Therefore even wholesale merchants will have to bear this burden irrespective of the conditions abroad. Dealers in certain articles will not be able to transfer this tax to the consumer who is not in this country. This will mean that the tax will ultimately have to be shifted on to the producer, the man who first put in the market the article concerned.

"Sir, I do not know what moral right the Government have to impose this tax on the Province generally, even assuming that on account of the introduction of Prohibition in certain parts of the Province the economic condition of the people in those areas has improved. Of course, the Hon. the Premier will say that this is moving in a vicious circle; that now we are, by the enforcement of this taxation measure, going to realize the revenues that we stand to lose by the introduction of Prohibition throughout the Province to the tune of 5 crores of rupees; and that we will introduce Prohibition throughout the Province the moment we have derived enough revenue from this measure of taxation. But before you are in a position to collect this sum of 5 crores from this source and before you are in a position to introduce Prohibition throughout the Province, you are expecting the people of the whole Province to pay for the introduction of Prohibition in only a small locality. I do not think you have done anything to raise the economic condition of the people to any extent. Nothing has been done so far except that Prohibition has been introduced in some parts of the Province, where the economic condition of the people might have improved. But apart from that, this Government have not done anything to improve the economic condition of the people as a whole, which alone would justify their coming forward with proposals for more and more taxation. After all, we have been all along agitating against additional taxation. The economic condition of the people has not improved enabling them to bear heavier taxation. That being the case, how can you now come forward and say that the people are in a position to pay more taxes and that you are just and right in imposing these fresh taxes? I do not know whether any Government will be justified in calling upon the people to agree to fresh taxation simply to enable a particular policy of the Government being carried through, though the people do not possess the capacity to pay any additional tax.

-45 "So far as this taxation is concerned, whether it is going to
m. be ½ per cent, 2, 3 or 4 per cent before it reaches to consumer, is a thing which has to be considered very deeply. It is necessary

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that the people who are going to be affected by such taxation measures should know beforehand how a particular legislation is going to affect them. I am sure that in some cases the same commodity might pass through two or three stages in the same place, thereby creating a tie between one dealer and another and enabling one dealer to quote a lower price than another dealer who is only a few yards off. These are some of the practical difficulties which we will have to face when we introduce taxation measures. In this Bill we find that exemption has been made in the case of those merchants whose turnover annually does not go over Rs. 10,000. Ten thousand rupees appears to be a very large sum at the end of a year, but if the daily turnover is calculated, it will work out at Rs. 29 or Rs. 30 and a man whose turnover in the year has been Rs. 10,001 will have to pay the Government to the extent of Rs. 75, because his turnover is more than Rs. 10,000. We know that a number of these small shopkeepers have a turnover of at least Rs. 30 and they are not exempted under the provisions of this Bill. Each one of them will have to pay a tax of Rs. 50—a tax which he cannot bear. I know in the case of profession-tax in Madras Corporation how difficult it is for even big merchants to pay Rs. 5 or Rs. 10 per annum. I do not know what will be the difficulties of these poor people if they are asked to pay Rs. 50 or Rs. 75 at the end of a year. Their difficulties can better be imagined than described.

"Mr. Speaker, there are many dangerous consequences that will follow in the wake of this tax. I am not going to state here in detail how these poor traders will be affected, how the industry will be affected and so on; it will be a lengthy affair. One of the main consequences will be that trade will be affected adversely and it will go out of this Province to other places where such taxes do not exist, particularly the neighbouring Indian States. Of course, nobody will be able to prevent these Indian States from sending their goods to people who are residing in this Province. All the requirements of the local people can be got from the Indian States. In these circumstances, I would submit that our Province will stand to lose materially in trading with other parts of the country.

"Of course, one of my hon. Friends referred to the question of Great Britain not having resorted to this method of taxation. When a rich country like Great Britain cannot levy a tax of this sort on her people, I do not know how a poor country like India and a poorer Province like Madras Presidency, can levy such a tax which does not have any relation either to the profit or the loss which a trader may incur. A man may lose heavily at the end of the year; but if he has shown Rs. 10,000 or more as his turnover, he is bound to pay a tax, not out of his profit, but out of his capital and ultimately his capital will be swallowed. That would be the

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result of this taxation measure. I know the Hon. Minister has made up his mind and no amount of persuasion or appeal or reasoning will have any effect upon his . . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—"That is not true."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I remember that in one of the public meetings held in Madras, either in the Congress House or somewhere else, the Hon. Premier said that he had made up his mind and that he was not going to give up this Bill. . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—"It is one thing to say that I am not going to give up this Bill and it is quite another thing to say that any amount of persuasion is not going to have any effect upon me and I am not going to change my mind at all."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Well, the merchants in Madras will know now at least that there is some opportunity for them to put forward their case."

THE HON. SRI C. RAJAGOPALACHARIAR:—"They knew it very well even before. They knew long before that I am as open to persuasion as any one else. Mr. Hameed Khan apparently made a confession of not believing it himself."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Whatever it is, I am glad that the doors are not closed. Not that I think that the Bill is going to be dropped, but I believe to a very large extent the evil effects of the measure may be avoided."

MR. SPEAKER:—"In view of the assurance from the Hon. Premier, I think the motion for circulation of the Bill for public opinion may be withdrawn."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I am thankful for your suggestion, Sir. But at the same time, I think the hands of the Premier will be strengthened if he has more information on this Bill, so that he may do better justice to the people than he will be able to do at present. On account of the far-reaching consequences that this Bill will produce when passed into law, I think it is very necessary that for at least a month or two this Bill should be placed at the disposal of the people so that by means of communications and addresses to the Hon. Premier they can—I should not say that these things will enlighten him more—place more materials at his disposal in order that he may mitigate the evil effects of this measure. I therefore move that the Bill be circulated for eliciting opinion thereon."

The amendment was duly seconded.

The amendment was put and lost.

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ABDUL HAMEED KHAN SAHIB BAHADUR:—" Sir, I move the second amendment that stands in my name, viz.:—

'Add *at the end of the motion of the Hon. Premier the following*:—

" *and that before reporting on the Madras Sales Tax Bill,* 1939, *the Committee do take evidence as to the implications of the Bill and its effect on the trade and industries of the Province.*" '

" Sir, I do not think I need cover the same ground which I covered when moving the other motion of mine."

MR. SPEAKER:—" You say 'implications of the Bill.' It is for the Select Committee to decide whether the Government have sufficiently explained the implications of the Bill to the public."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" My object is that the Select Committee should take evidence as to the effect of this Bill.

" I will amend my amendment as follows:—

'Add *at the end of the motion of the Hon. the Premier the following*:—

" *and that before reporting on the Madras Sales Tax Bill,* 1939, *the Committee do take evidence as to the effect of the provisions of the Bill on the trade and industries of this Province.*" '

" Mr. Speaker, I think there will be no difficulty for the Hon. Premier in agreeing to this very modest amendment of mine."

MR. SPEAKER:—" Under the rules the Select Committee has got the right to decide whether the taking of evidence is necessary or not."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" There may be a direction all the same. If the Hon. Minister says that he has the intention of taking evidence that is well and good."

MR. SPEAKER:—" Then, do you want to curtail the power of the Select Committee?"

ABDUL HAMEED KHAN SAHIB BAHADUR:—" We are merely giving a direction."

MR. SPEAKER:—" You are imposing an obligation on the Select Committee to take evidence as to the effect of this Bill. Don't you want to give the Select Committee the right to decide, after consideration, whether they should take evidence or not?"

ABDUL HAMEED KHAN SAHIB BAHADUR:—" But there is always the other alternative, viz., of their not taking evidence. So I want this House to make it obligatory on their part without allowing them any option. So I want that this House should give

a direction to the Select Committee to take evidence. I do not think it will be necessary for me to repeat the same arguments that I have advanced on the previous motion. But I believe it would be certainly easy and possible for my Hon. Friend the Premier to accept this motion, especially as he has told just now that he is prepared and willing to get more and more information not only from the Members of the Select Committee, not only from the Members of this House, but even from persons outside. When his mind is open and when he is prepared to accept information from outside, I believe he will agree to accept this motion for taking evidence. It is true that my Hon. Friend will come forward and say that this is a very urgent measure, that it should not be delayed and that the sooner he puts the measure on the statute-book, the better for him and for all concerned, so that it will be possible for the Government to begin to collect tax as early as possible."

Mr. SPEAKER :—" The original motion of the Hon. Premier says that the Select Committee should make their report before the 24th April 1939 and your amendment is that the Committee should take evidence before that date. So that, you want that the taking of evidence must be finished before the 24th April 1939."

7 p.m. ABDUL HAMEED KHAN SAHIB Bahadur :—" The time at the disposal of the Select Committee will not be affected; only the procedure which the Select Committee should adopt in order to get the necessary information will have to be altered. That is the object of my motion. As I have already said, there is a good deal to be considered in this matter and even some of us who might be on the Select Committee cannot claim to know all the implications of this Bill and how far it will affect industry, commerce and trade and agriculture. If we take evidence from representatives of all classes of people who will be affected by this measure, we will be in a better position to come to a correct conclusion, which my Hon. Friend the Premier is anxious about. It is with that view that I am moving this motion."

Mr. SPEAKER :—" Rule 81 says :

(1) A Select Committee may hear expert evidence and the representatives of any special interests affected by the measure.

(2) It may for this purpose, subject to any rules made under the proviso to sub-section (4) of section 71 of the Act, require any person residing within the limits of the Province to attend before it as a witness or to produce before it such papers and records as it may think necessary and thereupon a requisition in writing shall be sent to the person concerned, over the signature of the Chairman.

There is a very wide power for the Select Committee to hear expert evidence and the representatives of special interests and so forth. Is it necessary that we should have this motion now ? "

ABDUL HAMEED KHAN SAHIB Bahadur :—" The House might remind the Select Committee of its powers."

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MR. SPEAKER :—" The Select Committee knows its powers."

ABDUL HAMEED KHAN SAHIB BAHADUR :—" It is possible it might forget. Besides it is my object to make it obligatory on the part of the Select Committee to take evidence."

MR. SPEAKER :—" Even if one witness is examined, it will be sufficient because the Select Committee will have to submit its report before the 24th."

ABDUL HAMEED KHAN SAHIB BAHADUR :—" I will be satisfied if at least one real expert is called upon to give his evidence."

SRI G. KRISHNA RAO :—" I second the amendment."

MR. SPEAKER :—" Shall I put this also to the vote of the House so that the whole discussion may be concentrated on the main motion? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" I just wanted to say that this motion is wholly unnecessary and if the Select Committee feels that it ought to take such evidence, it is bound to and it will. But since the hon. the Mover of the amendment did not intend to postpone the thing, I would request him to withdraw this. As he has urged in spite of what you have said that it should be proceeded with, I can only say that it is wholly unnecessay and I am unable to accept it."

ABDUL HAMEED KHAN SAHIB BAHADUR :—" The Hon. the Premier is not opposing it, I suppose."

THE HON. SRI C. RAJAGOPALACHARIAR :—" It is possible to oppose a thing by saying that it is unnecessary. I cannot accept the motion."

ABDUL HAMEED KHAN SAHIB BAHADUR :—" Am I to understand that the Hon. the Premier is asking me to withdraw my motion because he gives me some hope that evidence is likely to be taken by the Select Committee? "

MR. SPEAKER :—" If the Select Committee thinks it necessary."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I may make my position clear, Sir; I do not want to limit or restrict the powers of the Select Committee."

ABDUL HAMEED KHAN SAHIB BAHADUR :—" If you will allow me, Sir, I should say it is a very nice way of putting it. (Laughter.) The Select Committee is certainly a Committee of the whole House but we know that the Hon. the Premier has very great influence over it. Therefore if the Opposition can persuade the Hon. the Premier to agree to this motion, it will be satisfied."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" May I ask if discussion is allowed on this amendment? "

MR. SPEAKER:—" If the hon. the Leader of the Opposition wants to say anything on this, he may do so. I think he was not present when the discussion was going on."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" That is true, Sir. I want to ask whether discussion is allowed on this."

MR. SPEAKER:—" The Hon. the Premier has given his reply. All the same, if the hon. the Leader of the Opposition wants to say anything he may do so, because I want to dispose of the amendment and have the discussion concentrated on the main motion."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Sir, I had thought that an amendment like this moved by my hon. Friend Mr. Hameed Khan would be discussed and put to the vote of the House after the motion that the Bill be referred to a Select Committee was passed."

MR. SPEAKER:—" It cannot be."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" There are three motions before the House. One is for the circulation of the Bill to elicit public opinion. Naturally it has to be disposed of immediately. Then the second motion is that of the Hon. the Premier for referring the Bill to the Select Committee. Then there is the motion giving certain instructions to the Select Committee. What I expected is that the discussion would take place on both the motions together and then they would be put to vote."

MR. SPEAKER:—" Does the hon. the Leader of the Opposition think that there should be a discussion on this amendment?"

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" You may allow discussion on the main motion of the Hon. the Premier for referring the Bill to the Select Committee. Hon. Members may speak on the main motion and in doing so may give good reasons for accepting the amendment of Mr. Hameed Khan. This amendment may be put to vote after the motion of the Hon. the Premier is put to vote. This will help hon. Members to say what they feel about this motion. As a matter of fact, hon. Members would not like to speak on this motion alone and take up the time of the House. I suggest that you allow discussion on this as well as the motion of the Hon. the Premier; and then put the Hon. the Premier's motion to vote first and the motion regarding instructions to the Select Committee next."

MR. SPEAKER:—" I have no objection. The point is so simple. It is an elementary rule that the Select Committee has got the power to take evidence. There is an instruction to the Select Committee that the report should be submitted before the 24th. Therefore what is the purpose gained by this motion?"

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* THE HON. SRI C. RAJAGOPALACHARIAR:—" Over and above that, apart from the question of discussion, I was astonished to hear the suggestion that my motion may be put first and the amendment of Mr. Hameed Khan may be put next. The amendment has necessarily to be put first, if it is in the nature of an addition."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I may tell the Hon. the Leader of the House that the suggestion I have made is nothing unusual. The amendment gives only an additional instruction. If the motion to refer the Bill to a Select Committee is defeated, then this amendment does not come up. I am sure the Hon. the Leader of the House will realize that what I have suggested is a perfectly correct procedure. Suppose—it does not happen here in this House, but we have to assume that also—the motion to refer the Bill to a Select Committee is defeated in this House, there will be no necessity to give any further instructions."

MR. SPEAKER:—" The hon. the Leader of the Opposition will see that the original motion has already got one instruction to the Select Committee. This motion gives a second instruction and as such it will be an amendment to that motion. So it will have to be put to vote first."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" There is a substantial point in that also, Sir. Parliamentary procedure has always reason behind it. The amendment of Mr. Hameed Khan may be carried and yet the main motion may be lost. When the original proposition as amended is put to vote, hon. Members will be at liberty to refuse their approval to the proposition on account of the amendment. Therefore the amendment has necessarily to be put to vote first."

MR. SPEAKER:—" I suppose the House is now agreed."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I should like to speak a few words if you are going to dispose of the matter now; otherwise not."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" We may adjourn now, Sir. This is not a budget day."

MR. SPEAKER:—" Adjourn at this stage? This is a day on which finance Bills are considered. It is as good as a budget day, though technically it is not.

" Anyhow, under the circumstances, this amendment will be disposed of first; and I do not think it is necessary that much of the time should be taken in speeches on this amendment."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I agree to your procedure that the amendment may be put to vote first and then the main motion. That apart, I would suggest for your consideration that you may allow discussion on this. I

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quite agree that the amendment for circulation of the Bill for eliciting public opinion ought to be disposed of first. But the amendment with regard to instructions to the Select Committee may be there and discussion may go on on both the main motion and the amendment. Hon. Members who speak on the motion of the Hon. the Leader of the House may have arguments to give in support of the amendment of Mr. Hameed Khan. They will thus be saved the trouble of getting up twice and making two speeches. I would suggest for your consideration that you allow hon. Members to speak on both the motion and the amendment as they have been moved and seconded on the floor of the House."

MR. SPEAKER :—" Well, I have no objection. I will state the question before the House.

'*Add* at the end of the motion of the Hon. the Prime *Minister, the following* :—

" and that before reporting on the Madras Sales Tax Bill, 1939, the Committee do take evidence as to the effect of the provisions of the Bill on the trade and industries of this Province." '

Is it correct, Mr. Hameed Khan?"

ABDUL HAMEED KHAN SAHIB BAHADUR :—" Yes, Sir."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" I want merely to speak on the amendment of Mr. Hameed Khan."

MR. SPEAKER :—" But the motion and the amendment are for the discussion of the House."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" No, Sir, I shall reserve my right to speak on the main motion."

MR. SPEAKER :—" There is no question of reserving your right."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" I reserve my right entirely."

MR. SPEAKER :—" There is no question of reserving your right. The hon. Member does not speak now, that is all."

* SRI T. T. KRISHNAMACHARIAR :—" Mr. Speaker, representing as I do a community which is going to be affected by this Bill, I have necessarily to oppose the motion before the House for referring the Bill to a Select Committee. The Hon. the Leader of the House in moving this Bill has enunciated a number of propositions. I am very grateful for one thing that he seems to have realized, that certain interests—a large number of merchants—will be affected. But he seems to think that it is inevitable. Sir, with regard to the sales tax, the justification that he has brought forward is that Parliament has assigned this item in list II of Schedule VII amongst sources of taxation open

to the Provincial Government. If he takes his stand to show the reasonableness of imposing a tax like the sales tax on that alone, I am afraid he is not on firm ground. It may be that Parliament had a malicious idea—here I must apologize to Mr. Langley—that Provincial Governments which would come into power must become unpopular with their constituents by imposing a sales tax. But they have suggested another tax which is very much easier of collection, that is the capitation tax. Why did not the Government consider it? After all what Parliament has suggested is not obligatory. It may be that a sales tax will have to be levied, but it may be levied in a totally different form. The mere fact that the words 'sales tax' find a place in List II of Schedule VII does not lend it any sanctity nor does it make it necessary for us to accept it.

"Sir, the next point was that amongst the members of the Opposition, there were some who were not pro-alcoholic at the time of the passing of the Prohibition Act who naturally gave the measure their support and such people are bound to support this sales tax. I can unhesitatingly say, Sir, that the constituency which I represent has endorsed that Prohibition policy is right and I also feel that they ought to support the Government in that. But notwithstanding that, Sir, the mandate that I have received from my constituents is to oppose this sales tax *in toto*. I do not think that there is anything illogical in it. It may be that a sales tax of a different type with sections operating in a totally different manner might find acceptance amongst the business people. I will come later to our chief objections with regard to this particular tax. 7 15 p.m.

"The Hon. the Premier referred to the history of this tax and he very justly referred to the meagre information available here with regard to the operation, application and incidence of this tax in various countries. I have tried during the limited time at my disposal ever since this Bill was published, to understand how it is operating in other countries, with the meagre literature that is available in Madras. I might at once say that I do not find any analogy to this Bill in the taxation scheme of any other country which levies a sales tax. Going further deep, Sir, into the history of the sales tax, leaving alone what happened in ancient Rome or in Medieval Spain, it was always essentially a crisis tax, a tax found necessary in the post-war conditions in several countries. And if you take the instance of France, it was taken up under circumstances to which our present financial position bears no analogy at all. France was heavily indebted; her resources were crippled; she had to face an expenditure of 18 billion francs, when the resources available to her came only to 9 millions; and all she could do, short of a large capital levy—a measure she had already resorted to—was to tax sales generally. And it was not as if the country was unprepared for a tax of this sort. There

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were several taxes already imposed which were almost on the same lines; there was a business registration tax, there was already a tax on business almost closely allied to a sales tax. The business interests in France did not have to face a tax like this tax, which is a bolt from the blue, flung on the bewildered businessmen of this country. In twenty other countries which are levying a sales tax, not to speak of the United States of America, there are large exemptions. Large volumes of trade that pass through the country are exempted; exports are exempted in eighteen countries; food products are exempted in many countries. It may be that the percentage is higher in some countries and lower in some others; but there are liberal exemptions. We do not find anything like that here in this Bill.

"Again, Sir, with reference to the taxation in England, I could not categorically contradict the hon. Member, Mr. Langley, but I am afraid Mr. Langley did not give a proper guidance to this House. There is the Colwyn Committee's report which deals with this particular question, and there is the evidence before that Committee. All the witnesses who gave evidence before the Committee opposed sales tax tooth and nail excepting Mr. Selfridge who had obviously reasons of his own to support the idea. And there is the Committee's report itself; and apart from the administrative difficulties that are contingent on the introduction of a sales tax, the Committee was totally averse to the principle of it. Every known economist in the world, Sir—I am afraid there is one exception, and that is the University Professor of Economics in Madras —every known economist in the world is opposed to the sales tax as being unreasonable. I would ask the hon. the Leader of the House if his advisers can find a single economist of standing barring Dr. Thomas, who supports this sales tax.

"Now, Sir, above all this, the fact has to be recognized that it is only a crisis tax in every country and that there are liberal exemptions in every country where sales tax is levied. Here we are asked to give support to a tax which will be universal in its application and which will have an adverse effect on the transactions of the people on whom it is levied. Sir, let me tell the House that there is only one instance of a country where a sales tax once imposed has been repealed. In France, all political parties are against it; but still, they could not take it away. What they have done is: in 1937, I think, they changed it in such a way that in many phases of its operation, it is a tax at a single point. It is Brazil, I think, which had the courage, after introducing it once in the year 1924, to withdraw it in the year 1936. I may tell the House, through you, Sir, that once the tax is put, it stays there. It does not at all matter which party introduces it. Suppose for instance that an alternative Government comes into existence, the only possibility is that the percentage which may be fixed at ½ or ¼, or ⅛ now will be raised. It may be that when the next Govern-

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ment comes, possibly for the same justifiable reasons which the Congress Government are now giving, whether it is for meeting increased expenditure or for paying the Government servants more salaries, it may increase it by cent per cent. And once you start it, you never know what will happen to it later on. A universal sales tax of this nature has got to be opposed and this is the reason why I lodge my emphatic protest against it.

"Sir, one other factor that I should like to mention before I go into the details of the operation of this tax is this: the mercantile community are really grateful that so far as the Treasury Benches are concerned, nobody who spoke outside about this tax said anything harsh against the merchants who have been protesting that this tax was not a necessity. Sir, we are grateful that in imposing a tax like this which is going to affect the mercantile community very seriously, they have avoided any flippant references to that community. But I am afraid the members of the party to which this Government belong have used rather harsh language. Every man in the street has assumed that he is an economist and the qualifications that are necessary are that he should be a B.A. and B.L. He can then talk about it; he can write to the Press and say at any place that it is the most suitable tax for this country, and so on. Sir, I would ask the House not to be guided by these statements; because, these people could not know—and in the very nature of their occupation, they could not know—the details of the operation of this tax or its implications. May be they are lawyers; may be they belong to other professions; may be they have no work to do; may be their statements do credit to their loyalty to the party, to the Congress party, to which they belong; but in commenting on this tax, it does little credit to them to go and tell a merchant that he is unnecessary in the present scheme and he can go. I put it to the House that if it is the object of the Government to change the economic system of this country, if it is their object to change it from a profit economy to a profitless and a classless economy, then I entirely withdraw my objection. We will of course face the result. If it is going to be a change from a profit economy to a profitless one, and if all the classes are prepared to be wiped out, why should poor merchants object to it? With all that, Sir, I know that the Hon. the Premier is a conservative and I know that to him the ideology of a profitless economy does not appeal. Why then commend this legislation with the cry that merchants are middlemen and need not exist?

"Sir, let me come now to the details of the Bill. This is, as I said, a tax of universal application—½ per cent to be charged on turnover; and no exemptions. Have the Government considered how this is going to affect business? I maintain that it is going to drive out the major portion of wholesale business from this country, so far as imports are concerned—imports from abroad and imports from other provinces and the Native States. At present the business is quite considerable. I say, Sir, that in

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fifteen districts out of twenty-five, the business will be transacted from outside this Province. The wholesaler will be wiped out, and the Madras Port situated as it is at present, can exist only for ten districts. That will remove one link from the chain. Then in the trades where this tax is to be pyramided over, five times or four times or three times, whatever it is, what will happen is this. The retailer who knows that the product that he buys from the normal channels has to be brought through three or four stages, at each of which the tax machinery will be put in operation, will be shrewd enough in this competitive economy to find ways and means of reducing his cost price. It does not matter to him whether the consumer is affected or not; all that he wants is to sell his wares as cheaply as possible. He would go to the top link in the chain to buy his goods and the intermediary links would be left out. In most trades, on an average, about two or three intermediaries will be wiped out, without exaggeration. It may be that in certain trades, it will be 2, in some others 4 and in some more 5; but the average will certainly be 3, if not 4. I say there will be about 8 or 10 lakhs of families which will be thrown out of employment—I may say that, without exaggeration. I can say from positive personal experience that the possible effect of this measure on the trade of the country will be very great; because the margin of profit of the retailer in this country is next to nothing. Intermediaries are gamblers in difference in some cases, and they have no stamina. It often happens that such people without stamina are a necessary link in the trade chain, and if they are to be easily eliminated, I am afraid you may repent for it. I will ask the Government not to speak about the job of eliminating these intermediaries; because it is no good woundiug the feelings of all those people who are to be utlimately affected by this tax.

"I say, Sir, if it is a sales tax at one point, possibly my objection to it will not be quite so severe. Because, it may be retailer can absorb the tax; if he gets a large profit, he will absorb it. If he won't do it, the man next-door will do it and compel the other retailer also to do it. I know, Sir, the *a priori* assumption that this tax will ultimately be passed on to the consumer is illogical and only reveals the thorough ignorance of the actual conditions prevailing in this country. I am not trying to plead for the consumer—that is not my object. I leave it to the members sitting opposite. But I can say this; if it is possible for any merchant to absorb it, if there is a margin of profit which gives him a chance to absorb it, he has to do it; otherwise, the man next-door will do it. There is no question of choice in this matter. And the trade, as it is at present, cannot absorb a tax imposed four or five times.

"Take again a local produce, cotton. Most of the cotton mills buy through brokers, and there are four or five and sometimes even eight links, I am told, in the chain. It may be that in a

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highly organized industry, they have their own managers buying cotton, their own ginning factories and so on. Probably there are one or two such instances in this Province, but in most cases, our cotton mill-owners are not quite as rich as the big firms that are operating outside our Province. They have not got the necessary finance, and they have necessarily got to buy through the brokers; and if you impose the levy four to six times, how can you imagine the mill-owners competing with foreign yarn or yarn from Bangalore, Bombay, Ahmedabad or Cawnpore and other places outside this Province?

"Then there is the other class of people. There are classes of people called in Tamil—I was not able to translate it—'adathi merchants.' They are really brokers. But they buy on their own account. Those merchants came and asked me what their position would be under this tax. They usually get anything between 1/32 to 1/8 per cent. If they do not do banking, they get 1/32 per cent. They have to buy the goods from the retail shops and pack them together and rail to merchants up-country. Naturally they get the invoice made out in their own names. I racked my brain over it for a few days; but without much of a result. I don't think they can survive. The whole lot of them will have to go. The Hon. the Premier may say they will be like the graduates who are axed on account of retrenchment; but I think, Sir, they are too big a community to be axed If you want to go on with your sales tax, there is an alternative, by which you need not affect the internal economy of trade that is by taxing at one point. If you ask me. 'What are the adminitrative difficulties, have you thought about them?' I may say, 'It is not my job. You have an army of Secretaries and Under Secretaries, and a huge lot of Superintendents and others in your office.' But I say that is the way to do it. A consumption tax may be favoured; exemptions have to be granted even there; but nevertheless it is being administered in other countries. I think the Government have got a copy of the book by Haig and Shoup on the American Sales tax. They can copy those methods if they like. But if they are really going to push on with this measure, I am afraid it will throw about 8 to 10 lakhs of families out of employment. It will drive, so far as inter-provincial and foreign trade is concerned, about 60 per cent out of this Province, to places like Bombay, Cochin or Bangalore, or wherever it may be, and it is going to affect seriously the trade economy of this Province.

"Sir, I do not know how the Select Committee are going to deal with this problem, because I find there is an elementary omission on the part of the Government in bringing forward this Bill. As I said before, France when it introduced this tax, had already prepared the ground by other business legislation, and most of the western countries when they introduced this tax,

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had provided for compulsory business registration. There is one thing that Government have got to do if they are going to levy this tax on merchants and that is, they have to save them from the advantages that the dishonest merchants will gain. They must at least not put a premium on dishonesty and the only way by which they can do it is to make every merchant to come forward and register himself. Of course, I am not concerned about the fee that may be charged for such registration, because if the fee is large the merchants will kick up a row. But, what I suggest is that it must be made compulsory and necessary that every merchant, whether he be a hawker, or a pan-seller, or a wholesaler or retailer, should get himself registered. I think the Government do not seem to have thought about this aspect, as a preliminary to the sales tax.

"Sir, I think I have taken a good deal of the time of the House and at this stage I do not want to go into details. I think I have conclusively shown that this measure is going to affect not merely the individual trader—quite a good number of them—but it is also going to drive the trade out of this Province and it is also going to do irreparable harm to the trade economy of this country. After all, if this Congress Government should insist upon carrying through this taxation proposal, they are welcome to do so; but all I can say is, we would not be parties to it."

* Mr. E. H. M. BOWER:—"Sir, the very ingenious manner in which the Hon. the Premier introduced this subject this evening has taken my breath away. I have the greatest admiration for the Premier's undoubted ability to make the best of a case, even if it is a weak case. In this particular instance, I do think he has transcended himself. But, Sir, he based the whole of his argument on a postulate, which I cannot, for a moment, accept. That postulate is that this Congress Government has been elected on the Prohibition ticket pure and simple . . ."

* The Hon. Sri C. RAJAGOPALACHARIAR:—"I did not say that at all; I did not use the words 'Congress Government' even; and I never said we were elected on this ticket."

* Mr. E. H. M. BOWER:—"I did not say, Sir, that the Premier used these words, but that was the implication there The Government that is sitting on those seats, was elected on the Prohibition ticket and on account of that election, there was an implicit mandate to them to get money somewhere, apart from Prohibition. Therefore, this Bill was brought forward by them.

"Well, Sir, a perusal of any of the election speeches made two years ago will indicate how very difficult it is for any one to accept that postulate. It is true that the Congress speakers did mention Prohibition, but only in very subdued accents, but their main slogan 'relief from taxation' was blazoned forth . . ."

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* THE HON. SRI C. RAJAGOPALACHARIAR:—" I think it may be useful for Mr. Bower, for he is generally a good speaker, to have correct information. I did not refer to the election pledge at all. I laid great emphasis on what the House has sanctioned, namely, the policy of Prohibition. It was on that that I laid stress. Mr. Bower is also right when he assumed that our election also involved some pledge; but he is entirely wrong in imagining that we said that we would raise no new taxes. We said that in relation to particular classes and we repeat it again."

* MR. E. H. M. BOWER:—" Sir, the sanction of this House is really dependent on the Hon. the Premier and he knows it very well too. He has an enormous majority behind him and that majority has been obtained at a certain election. During that election, certain pledges were made. But my point merely is that the Government are not here to carry out Prohibition, pure and simple, regardless of every other policy. That is the point I want to make. Of all the unpopular Bills brought forward by this Government, this Sales Tax Bill is by far the most unpopular. Cities and towns everywhere have shown their disapproval of it, not merely in words, but by *hartals* also. The curious thing is, that the *hartals* that were fostered by the Congress party while they were in the Opposition, are now used by the people against the same party which is now in office. In the eyes of the Government these *hartals* and these expressions of public opinion may be said to have hardly any effect. Opposition in this House has been mentioned by the Hon. the Premier, but I ask, what about the opposition of the public? I cannot help being reminded of the story of the old lady from the country who visited the zoo for the first time in London. Going round the grounds of the zoo she suddenly turned a corner and came face to face with a queer-looking animal, the giraffe. She looked at it, glared at it and planting her feet firmly on the ground, she said, 'I don't believe it.' Sir, the Government may distrust the evidence of its own eyes, but the fact is there, that this Bill is undoubtedly unpopular. The cities and towns have already demonstrated this fact; the villages have not yet woken up but their turn will come in October next when they will begin to feel the pinch.

" Sir, if there is one thing that stands out in this fiscal proposal, it is this, that the ultimate sufferers will be the producer and the consumer. Take an article of world trade, for instance, in which India is an exporting country. Take the trade in skins and hides. My hon. Friend, Mr. Abdul Hameed Khan has already alluded to the probable effect of this tax on world trade. Now, in the case of skins and hides, the central market is in London; Madras competes with the Argentine Republic. The buyer in London is not going to give the Madras man a rupee more than he is prepared to give to the dealer in the Argentine Republic

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for the same quality of hide or skin. And what is the result? The result will be that these various half per cents accumulated on account of several turnovers by the time the consignments are shipped from Madras will be deducted from the original price paid. Paid to whom? Paid to the Indian cattle-owner and to the Indian herdsman. That, Sir, is how it will act on the export trade of the country.

"Then, Sir, take a trade in which a finished article is intended for Indian consumption, for instance an article like cloth. The producer will no doubt do his best to keep up the price. But after the smaller broker, the wholesale broker, the yarn spinner and the cloth weaver and the retail and the wholesale dealer, has each paid a half per cent on the turnover, the consumer will be expected to pay the enhanced price on the finished article. Now, these consumers are nearly all Indians and the great majority of them are poor Indians, agricultural ryots and industrial labourers. I see from a pamphlet sent to us by the Southern India Chamber of Commerce, that in regard to raw cotton, there are no less than nine intermediaries between the cultivator and the consumer, each paying a half per cent. But, Sir, matters are not so simple as this. Cloth is also an article of world trade. What are the Government doing? The same Congress Government which set out to protect the handloom industry and which also set aside a bounty to help the handloom weavers and handloom workers, is about to pass a piece of legislation, which will hit the handloom workers severely. It is instructive, Sir, to examine the diametrically opposite attitudes adopted by the Congress in opposition and by the Congress in office. The Congress in opposition in Delhi during the debate on the Ottawa Agreement loudly proclaimed its anxiety to counteract, what it called the undue influence of Lancashire in the textile trade of the country. Now, Sir, the Congress in office in Madras, by raising the cost of the locally-produced and locally-finished article, by say, 2½ per cent, taking it at a low figure, by doing this, is handicapping its own commerce and industry to that extent, as against Lancashire. Sir, in a matter where competition is so keen, even a difference of 2½ per cent will cause enormous alteration in the balance sheet.

"Sir, I have taken two trades, to illustrate my point, but the principle applies to all articles and several of them are mentioned in this brochure supplied by the Southern India Chamber of Commerce. For example, oil-cake and paddy principally.

"I would stress the point that by this piece of legislation the Congress is about to raise the cost of living without raising the standard of living. This I am sure will hasten the operation of the law of diminishing returns. This law, as the economists will tell you, is a state of affairs under which you are compelled to put in more and more, while you receive less and less, each year. I

hold, Sir,—of course I do not expect the Hon. the Prime Minister to accept this—that we have already come under the operation of the law of diminishing returns; and this particular piece of legislation is going to hasten the action of that law. It will handicap this Province in its competition with foreign countries; it will handicap this Province in its competition with Indian States; it will handicap this Province in its competition with the adjacent Provinces. I was amused to see over a shop in the China Bazaar on the Sales Tax *hartal* day, what appeared to be a quotation from one of my own speeches in this House. It ran thus: 'Do not kill the goose that lays the golden eggs.' Of course I used the words in a discussion on a different subject, but the quotation in this connexion was very much to the point. So, Sir, I would ask the Hon. the Premier to consider carefully all the implications of this piece of legislation, which may perhaps lead to results which will be disastrous to the whole Province."

The House then adjourned to meet again the next day at 3 p.m.

APPENDIX I.

[Vide answer to starred question No. 1112 asked by Sri A. Pl. N. V. Nadimuthu Pillai at the meeting of the Legislative Assembly held on the 31st March 1939, page 9 supra.]

ORDINARY INCOME OF DISTRICT BOARDS IN 1937-38—AVERAGE OF THE PUBLIC HEALTH EXPENDITURE FOR THREE YEARS ENDING WITH 1937-38.

Name of district board.	Income in 1937-38 under all accounts except deposits, advances and capital.	12½ per cent of income in column (2) ante.	Average public health expenditure for three years ending 1937-38.
(1)	(2)	(3)	(4)
	RS.	RS.	RS.
1 Anantapur	6,83,865	85,483	75,810
2 Arcot, North	11,64,734	1,45,591	1,39,044
3 Arcot, South	17,08,186	2,13,523	1,30,655
4 Bellary	6,42,883	80,360	69,357
5 Chingleput	10,31,505	1,28,938	1,06,965
6 Chittoor	8,58,150	1,07,268	69,698
7 Coimbatore	19,39,738	2,42,467	1,71,075
8 Cuddapah	5,91,265	73,908	62,427
9 Godavari, East	18,41,253	2,30,156	1,56,937
10 Godavari, West ..	16,28,890	2,03,611	91,204
11 Guntur	16,72,340	2,09,042	1,31,284
12 Kanara, South	11,18,994	1,39,874	88,430
13 Kistna	16,57,303	2,07,162	1,35,864
14 Kurnool	9,23,649	1,15,456	85,536
15 Madura	14,77,899	1,84,737	1,42,484
16 Malabar	21,89,367	2,73,670	1,83,544
17 Nellore	9,12,145	1,14,018	1,19,209
18 Nilgiris, The	3,21,784	40,223	34,520
19 Ramnad	13,22,364	1,65,299	1,74,879
20 Salem	14,75,179	1,84,397	1,36,555
21 Tanjore	20,99,183	2,62,397	2,18,130
22 Tinnevelly	14,31,552	1,78,944	1,32,944
23 Trichinopoly	12,37,788	1,54,723	95,896
24 Vizagapatam	19,03,365	2,37,920	1,94,350

APPENDIX II.

[Vide page 15 supra.]

To

THE HONOURABLE THE LEGISLATIVE ASSEMBLY.

MADRAS.

The Select Committee appointed to consider the Madras Entertainments Tax Bill, 1939 (L.A. Bill No. 9 of 1939), have the honour to make the following report.

2. This Bill was published in the *Fort St. George Gazette* in English on the 7th March 1939.

3. It was referred to the Select Committee on the 20th March 1939 with the instruction that a report may be made before the 27th March 1939.

4. The Committee met on the 21st and 23rd March 1939 in the Legislative Assembly Buildings for considering the Bill.

5. The Committee have scrutinized the provisions of the Bill and made the following changes therein.

6. *Clause* 3.—This is the " definitions " clause. Item 9 of this clause defines the word " society " as including a company, institution, club or other association of persons by whatever name called. The Committee consider that it is more appropriate to define the word " institution " as including a company, society, club or other association of persons by whatever name called, than define the " society " as above. They have accordingly substituted this definition of " institution " for the definition of " society " in the Bill. They have altered the word " society " wherever it occurred in the body of the Bill, into " institution."

7. *Clause* 4.—The Committee are of the opinion that it is desirable that as little change should be made in the existing rates of tax provided for by the Madras Local Authorities Entertainments Tax Act, 1926, as possible. Under this Bill payments for admission of four annas and less are liable to taxation, though in

the tariff of rates in the Madras Local Authorities Entertainments Tax Act, 1926, they are not. The Committee have therefore retained items (ii) to (x) of sub-section (3) of section 3 of the Madras Local Authorities Entertainments Tax Act, 1926, and have substituted for item (i) of that sub-section the following, namely:—

	Amount of tax.
(i) is not more than two annas ...	3 pies
(ii) is more than two annas but less than six annas	6 pies.

8. *Clause* 8.—In item (*c*) of sub-clause (1) the words " or cultural " have been inserted between the words " scientific " and " purposes " as the Committee consider that entertainments provided for cultural as well as scientific purposes should be exempt from payment of tax.

9. *Clause* 16.—The Committee are of opinion that the power to make rules conferred by this clause should, except on the first occasion of the exercise thereof, be subject to the condition of the rules being made after previous publication for a period of not less than one month, and have inserted a new sub-clause accordingly.

10. *Clause* 20.—Sub-clause (1) refers to the power of the Provincial Government to delegate certain powers under this Act to any person or authority subordinate to them but it does not contain any power to revoke such delegation. Section 10 of the Madras Local Authorities Entertainments Tax Act, 1926, however, contains such a power. Following the language of that section, the Committee have inserted the words " and may in like manner withdraw any powers so delegated " at the end of sub-clause (1).

11. A copy of the Bill as amended by the Select Committee is annexed. The Committee are of the opinion that the amendments made by them are not of such a nature as to necessitate a republication of the Bill. The Bill need not, therefore, be republished.

A. APPADURAI,
Chairman.

23rd March 1939

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ANNEXURE.

[NOTE.—The changes made by the Select Committee are shown in clarendon type and the portions omitted are shown by dots.]

L.A. BILL No. 9 OF 1939.

A Bill to impose a tax on amusements and other entertainments in the Province of Madras.

(As amended by the Select Committee.)

WHEREAS it is expedient to provide for the levy by the Provincial Government of a tax on amusements and other entertainments, to repeal the Madras Local Authorities Entertainments Tax Act, 1926, and to provide for the payment of compensation to local authorities now levying a tax under the Act aforesaid; It is hereby enacted as follows:—

ras Act 1927.

1. (1) This Act may be called the Madras Entertainments Tax Act, 1939.

Short title, extent and commencement.

(2) It extends to the whole of the Province of Madras.

(3) This section shall come into force at once, and the rest of this Act shall come into force on such date as the Provincial Government may, by notification in the Official Gazette, appoint.

2. The Madras Local Authorities Entertainments Tax Act, 1926, is hereby repealed.

Repeal of Madras Act V of 1927.

as Act 1927.

3. In this Act, unless there is anything repugnant in the subject or context—

Definitions.

(1) " admission " includes admission as a spectator or as one of an audience, and admission for the purpose of amusement by taking part in an entertainment;

(2) " admission to an entertainment " includes admission to any place in which an entertainment is held;

(3) " agriculture " includes horticulture and the breeding of animals of every description;

(4) " entertainment " includes any exhibition, performance, amusement, game, sport or race **to which persons are admitted for payment;**

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(5) " local authority " means the Corporation of Madras, or a municipal council or a local board constituted under any enactment for the time being in force;

(6) " payment for admission " includes—

(a) any payment made by a person who, having been admitted to one part of a place of entertainment, is subsequently admitted to another part thereof, for admission to which a payment involving a tax or a higher tax is required;

(b) any payment for seats or other accommodation in a place of entertainment; and

(c) any payment for any purpose whatsoever connected with an entertainment which a person is required to make as a condition of attending or continuing to attend the entertainment in addition to the payment, if any, for admission to the entertainment;

(7) " prescribed " means prescribed by rules made under this Act;

(8) " proprietor " in relation to any entertainment includes any person responsible for the management thereof; and

(9) " institution " includes a company, society, club or other association of persons by whatever name called.

Tax on payments for admission to entertainments.

4. Except as otherwise expressly provided in this Act, there shall be levied, and paid to the Provincial Government, on all payments for admission to any entertainment, a tax (hereinafter referred to as the entertainments tax) at the following rates, namely :—

Where the payment, excluding the amount of the tax—

	Amount of tax.
(i) is not more than two annas ..	Three pies.
(ii) is more than two annas but less than six annas ..	Six pies.

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	Amount of tax.
(iii) is six annas or more but is less than twelve annas ..	One anna.
(iv) is twelve annas or more but is less than one rupee eight annas	Two annas.
(v) is one rupee eight annas or more but is less than two rupees eight annas ..	Four annas.
(vi) is two rupees eight annas or more but is less than three rupees eight annas ..	Eight annas.
(vii) is three rupees eight annas or more but is less than four rupees eight annas ..	Twelve annas.
(viii) is four rupees eight annas or more but is less than six rupees eight annas ..	One rupee.
(ix) is six rupees eight annas or more but is less than nine rupees eight annas ..	One rupee eight annas.
(x) is nine rupees eight annas or more but is less than ten rupees	Two rupees.
(xi) is ten rupees or more—for the first ten rupees and for every ten rupees or part of ten rupees over ten rupees.	Two rupees.

5. The Provincial Government may, on the application of the proprietor of any entertainment in respect of which the entertainments tax is payable under section 4, allow the proprietor on such conditions as they may lay down— Composition and consolidated payment of tax.

(*a*) to compound the tax payable in respect of such entertainment for a fixed sum; or

(*b*) to pay the amount of the tax due by means of a consolidated payment at such percentage of the gross proceeds received by the proprietor on account of payments for admission to such entertainment and on account of the tax, as the Provincial Government may fix.

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Admission to entertainments.

6. (1) Save in the cases referred to in section 5, no person shall be admitted for payment to any entertainment where the payment is subject to the entertainments tax except—

(*a*) with a ticket stamped with an impressed, embossed, engraved or adhesive stamp (not previously used) issued by the Provincial Government and indicating the proper tax for such ticket, or

(*b*) in special cases, with the approval of the Provincial Government, through a barrier which, or by means of a mechanical contrivance which, automatically registers the number of persons admitted,

unless the proprietor of the entertainment has made arrangements approved by the Provincial Government for furnishing returns of the payments for admission to the entertainment and has given security up to an amount and in a manner approved by the Provincial Government for the payment of the entertainments tax.

(2) Nothing in sub-section (1) shall be deemed to preclude the Provincial Government from requiring security from the proprietor of an entertainment for the payment of the entertainments tax in any other case.

Manner of payment of tax.

7. (1) The entertainments tax shall be levied in respect of each person admitted for payment, and in the case of admission by stamped ticket, shall be paid by means of the stamp on the ticket, and, in the case of admission otherwise than by stamped ticket, shall be calculated and paid on the number of admissions.

(2) The entertainments tax in the case of admission otherwise than by stamped ticket, shall be recoverable from the proprietor.

(3) Where the payment for admission to an entertainment is made wholly or partly by means of a lump sum paid as a subscription or contribution to any institution, or for a season ticket or for the right of admission to a series of entertainments or to any entertainment during a certain period of time, the entertainments tax shall be paid on the amount of the lump

sum, but where the Provincial Government are of opinion that the payment of a lump sum or any payment for a ticket represents payment for other privileges, rights or purposes besides the admission to an entertainment, or covers admission to an entertainment during any period during which the tax has not been in operation, the tax shall be levied on such an amount as appears to the Provincial Government to represent the right of admission to entertainments in respect of which the entertainments tax is payable.

Entertainments exempted from payment of tax.

8. (1) The entertainments tax shall not be levied on payments for admission to any entertainment where the Provincial Government are satisfied—

(*a*) that the entire gross proceeds of the entertainment are devoted to philanthropic, religious or charitable purposes without any charge on such proceeds for any expenses of the entertainment; or

(*b*) that the entertainment is of a wholly educational character; or

(*c*) that the entertainment is provided for partly educational or partly scientific or cultural purposes by an institution not conducted or established for profit; or

(*d*) that the entertainment is provided by an institution not conducted for profit and established solely for the purpose of promoting the public health or the interests of agriculture or of a manufacturing industry, and consists solely of an exhibition of articles which are of material interest in connexion with questions relating to public health or agriculture, or of the products of the industry for promoting the interests of which the institution exists or of the materials, machinery, appliances or foodstuffs used in the production of those products.

(2) The Provincial Government may, by general or special order, exempt any entertainment or class of entertainments from liability to the entertainments tax.

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Refunds in certain cases.

9. Where the Provincial Government are satisfied that the whole of the net proceeds of an entertainment are devoted to philanthropic, religious or charitable purposes, and that in calculating the net proceeds, not more than twenty-five per cent of the gross proceeds have been deducted on account of the expenses of the entertainment, they shall repay to the proprietor the amount of the entertainments tax paid in respect of the entertainment.

Manner of recovery of tax.

10. Any amount due on account of the entertainments tax may be recovered by the Provincial Government as if it were an arrear of land revenue.

Inspection.

11. (1) (*a*) Any officer authorized by the Provincial Government in this behalf may enter any place of entertainment while the entertainment is proceeding, and any place ordinarily used as a place of entertainment at any reasonable time, for the purpose of seeing whether the provisions of this Act or any rules made thereunder are being complied with.

(*b*) Every officer so authorized shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code. Act XLV of 1860.

(2) The proprietor of every entertainment or the owner or person in charge of any place ordinarily used as a place of entertainment shall give every reasonable assistance to the inspecting officer in the performance of his duties under sub-section (1).

(3) If any person prevents or obstructs the entry of the inspecting officer, he shall, in addition to any other punishment to which he is liable under any law for the time being in force, be punished with fine which may extend to five hundred rupees.

Exemption from payment for admission.

12. The officer referred to in section 11 or any other officer who has to enter any place of entertainment in pursuance of a duty imposed upon him by or under this Act or any other law shall not be required to pay for his admission to the entertainment.

Payment of compensation to local authorities.

13. (1) From the proceeds of the tax collected under this Act every year, there shall be paid to each of the local authorities which were in receipt of an income

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from the tax levied under the Madras Local Authorities Entertainments Tax Act, 1926, during any part of the three years preceding the 1st April 1939, a sum equivalent to the average net annual income derived by such local authority during those three years from the tax so levied: Madras Act V of 1927.

(2) The Provincial Government shall determine the sums which should be paid to local authorities under sub-section (1) and their determination shall be final.

14. The proprietor of any entertainment who— Penalties.

(*a*) admits any person for payment to any place of entertainment in contravention of the provisions of section 6, or

(*b*) fails to pay the tax due from him within the time prescribed, or

(*c*) contravenes any of the provisions of this Act,

shall, on conviction by a Magistrate, be liable in respect of each such offence to a fine which may extend to five hundred rupees, and shall in addition, be liable to pay any tax which should have been paid.

15. The prescribed authority may accept from any person who has committed or is reasonably suspected of having committed an offence against this Act, by way of composition of such offence— Power to compound offences.

(*a*) where the offence consists of the failure to pay, or the evasion of, any tax payable under this Act, in addition to the tax so payable, a sum of money not exceeding five hundred rupees or double the amount of the tax payable, whichever is greater, and

(*b*) in other cases, a sum of money not exceeding five hundred rupees.

16. (1) The Provincial Government may make rules for securing the payment of the entertainments tax and generally for carrying into effect the purposes of this Act. Power to make rule

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(2) No officer or servant of the Provincial Government shall be liable in respect of any such act in any civil or criminal proceeding, if the act was done in good faith in the course of the execution of duties or the discharge of functions imposed by or under this Act.

Limitation for certain suits and prosecutions. **18.** No suit shall be instituted against the Crown and no suit, prosecution or other proceeding shall be instituted against any officer or servant of the Provincial Government in respect of any act done or purporting to be done under this Act, unless the suit, prosecution or other proceeding is instituted within six months from the date of the act complained of.

Proceedings, etc., against officers and servants of a local authority collecting the tax. **19.** If any local authority has been authorized under this Act to collect the entertainments tax on behalf of the Provincial Government, the provisions *of sections 17 and 18 shall apply in regard to the* officers and servants of such authority in the same manner as they apply in regard to the officers and servants of the Provincial Government.

Power to delegate certain powers. **20.** (1) The Provincial Government may, by notification in the Official Gazette, delegate all or any of their powers under this Act except those conferred *upon them by sub-section (3) of section 1, section 16* and this section, to any person or authority subordinate to the Provincial Government, **and may in like manner withdraw any powers so delegated.**

(2) The exercise of any powers delegated under sub-section (1) shall be subject to such restrictions, limitations and conditions, if any, as may be laid down by the Provincial Government, and shall also be subject to control and revision by them.

THE MADRAS LEGISLATIVE ASSEMBLY.

Saturday, 1st April 1939.

The House met in the Assembly Building, Chepauk, at three of the clock, Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Qualifications for appointment as members of the police vigilance committees.

* 1123 *Q.*—SRI P. MADHAVAN: Will the Hon. the Prime Minister be pleased to state—

(*a*) how and by whom the police vigilance committees are constituted;

(*b*) what the qualificatious are for appointment as a member of the police vigilance committee;

(*c*) what their functions are; and

(*d*) whether the Government will be pleased to fix the minimum qualifications for appointment as members of the vigilance committees?

THE HON. SRI C. RAJAGOPALACHARIAR:—" (*a*) Members of village vigilance committees intended for assisting the police are nominated by the Circle Inspector of Police and approved by the Subdivisional Officer or District Superintendent of Police.

" (*b*) Persons selected should be residents of the village itself or its hamlets and should be influential and of good position and character and genuinely interested in carrying out the work expected of the committee.

" (*c*) The function of the members of the committee is to render local assistance, as far as the law empowers them, to the village headman and the police in the investigation, prevention and detection of crime, and in tracing and apprehending criminals.

" (*d*) The Government do not consider it necessary to fix any minimum qualifications as they will not serve the real purpose of such committees."

SRI P. R. K. SARMA:—" May I know, Sir, whether the Government consider it necessary that these committees should continue? "

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THE HON. SRI C. RAJAGOPALACHARIAR:—" Yes, Sir."

SRI S. NAGAPPA:—" మంత్రిగారూ, ఈ కమిటీలో హరిజనులనుకూడా చేర్చుకుంటారా ?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" చేర్చుకొనుటకు ప్రయత్నము చేయుదును "

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—" May I know, Sir, whether the Government are aware that the members of these committees instead of helping the police, are taking sides and render the work of the police more difficult? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" In such cases, the memebrs will be replaced."

SRI P. R. K. SARMA:—" May I know, Sir, whether the police have been authorized to spend any funds on the activities of the committees? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" There is no money spent like that, Sir."

SRI A. R. A. S. DURAISWAMI NADAR:—" இந்தக் கமிட்டியில் ஹிந்தி எதிர்ப்பாளர்களை அநேகமாகச் சேர்த்திருக்கிறது கனம் மந்திரி அவர்களுக்குத் தெரியவருமா ? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" இந்தக் கமிட்டியில் சேரவேண்டிய ஆட்களுடைய விவரத்தை முன்னாலே சொன்னேன். அதற்கு லாயக்காயிருந்தால் வேறெந்த விஷயம் எப்படி இருந்தாலும் பாதகமில்லை."

Scale of pay of the Superintendents, Central Issue Branch, Central Records Branch and Central Cash Bureau of the Madras Secretariat.

* 1124 *Q.*—SRI T. T. KRISHNAMACHARIAR: Will the Hon. the Prime Minister be pleased to state whether the duties and responsibilities of the two posts of Superintendents, Central Issue Branch and Central Records Branch and those of the Superintendent, Central Cash Bureau, are of the same nature as those of a regular Secretariat Superintendent and if not, why the scale of pay of the latter has been allowed to these three posts?

THE HON. SRI C. RAJAGOPALACHARIAR:—" The Government have examined the question and concluded that although the nature of the work of the Central Branches Superintendents is not the same as that of a departmental Superintendent, it is not less responsible or less arduous than that of the latter. In fact the Central Branches Superintendents work under less control than the departmental Superintendents and in a sense therefore their responsibility is greater than that of a departmental Superintendent."

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SRI T. T. KRISHNAMACHARIAR :—" May I know, Sir, whether the Government have considered the possibility of examining the amalgamation of the Issue and the Record Branches."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I am not sure whether it has not already been examined. If it has not been, I shall have it examined."

Alleged disorderly behaviour of a head constable of the Madurantakam Police Station.

* 1125 *Q.*—SRI D. RAMALINGA REDDIYAR: Will the Hon. the Prime Minister be pleased to state—

(*a*) whether it is a fact that on 12th March 1939, a head constable attached to the Madurantakam Police Station in the Chingleput district entered a coffee hotel, broke the portraits of Mahatma Gandhi and Pandit Jawaharlal Nehru and used abusive language towards several leaders of the Congress;

(*b*) what action the Government propose to take against the said police official; and

(*c*) how the Government propose to prevent such incidents by public servants?

THE HON. SRI C. RAJAGOPALACHARIAR :—" (*a*) to (*c*) The proprietor of the hotel and his sons have filed a complaint in the local magistrate's court against the head constable. The allegations are *sub judice*."

Filling up of the vacancies created on the abolition of the photo-stat system in the Registration department in Malabar.

* 1126 *Q.*—SRI M. P. DAMODARAN: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether, on the abolition of the photo-stat system, fresh vacancies were created in the Registration department in Malabar;

(*b*) if the answer to the above be in the affirmative, how the Government propose to fill up those vacancies;

(*c*) whether it is a fact that the Inspector-General of Registration has called for applications for the posts of temporary clerks in the Registration department in Malabar; and

(*d*) if the answer be in the affirmative, whether the clerks who lost their chances of becoming permanent on account of the introduction of photo-stat system will be classified in the category of temporary clerks now advertised for by the Inspector-General?

THE HON. SRI T. PRAKASAM :—" (*a*) Sixteen temporary posts of clerks on Rs. 30—55 and 33 temporary posts of copyists on Rs. 20—35 have been sanctioned as a result of the abolition of the photo-stat system.

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" (b) & (c) In filling these posts the Inspector-General of Registration has been asked to give preference to clerks who had been discharged as a result of the introduction of the photo-stat system and who are still unemployed. Subject to preference being thus given to discharged clerks the temporary posts of clerks will be filled from the list of candidates selected by the Madras Public Service Commission for the Madras Ministerial Service in the Malabar district and the temporary posts of copyists will be filled by the Inspector-General after holding an examination in handwriting.

" (d) It is possible that some of these clerks will be appointed in these temporary posts but that will not prejudice their chances of a permanent post when vacancies arise and these temporary posts are likely to be made permanent in due course."

Re-appointment of the clerks discharged consequent on the introduction of the photo-stat system in Malabar.

* 1127 *Q.*—Sri M. P. DAMODARAN: Will the Hon. the Minister for Revenue be pleased to state—

(a) whether all the clerks discharged in consequence of the photo-stat system were re-entertained; and

(b) how many of the clerks lost their chances of becoming permanent in their respective posts on account of the introduction of the photo-stat system in Malabar?

The Hon. Sri T. PRAKASAM:—" (a) All the permanent clerks who were discharged in consequence of the introduction of the photo-stat system have been re-entertained. As regards acting clerks, so far as information is available, 14 are unemployed at present. These clerks will be re-entertained with effect from 1st April 1939 on the abolition of the photo-stat system.

" (b) Sixty-four permanent posts were abolished."

Payment of compensation for lands not irrigated by the Mopad Reservoir scheme but originally included under it.

* 1128 *Q.*—Sri V. VENKATASUBBAYYA: Will the Hon. the Minister for Public Works be pleased to state—

(a) whether the Mopad Reservoir, Nellore district, was constructed to irrigate 12,000 acres;

(b) whether it is a fact that the reservoir is now capable of supplying 6,000 acres only;

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(c) whether at the time of auctioning the lands under the reservoir, the Government promised to supply water for all the 12,000 acres; and

(d) what compensation the Government propose to pay to the disappointed purchasers who paid high prices relying on the assurance given by the Government?

THE HON. MR. YAKUB HASAN :—" (a) & (b) The answer is in the affirmative.

" (c) No such promise was made by the Government. The lands were sold as irrigable at different times during 1921–1927 with the proviso that, should it be found within three years from the date of confirmation of the sale that any particular land sold was not irrigable, the purchaser had the option of having the sale cancelled and getting back the purchase money after relinquishing the land.

" (d) As has been stated in the answer to clause (c), no assurance was given. Proposals are, however, under consideration for including in the ayacut as much as possible of the land sold as irrigable."

SRI V. VENKATASUBBAYYA :—" May I know the capital that has been spent upon this project till now, Sir? "

THE HON. MR. YAKUB HASAN :—" Notice."

Palar Irrigation System.

* 1129 Q.—SRI D. RAMALINGA REDDIYAR: Will the Hon. the Minister for Public Works be pleased to state with reference to starred question No. 24 of 1st September 1937—

(a) whether the report mentioned therein was received from the Chief Engineer and the Board of Revenue about the statistics received from the Mysore Government after 3rd December 1936 in the matter of the Palar Irrigation System;

(b) if the answer to (a) is in the affirmative, what action the Government propose to take on the report; and

(c) whether it is a fact that the Palar Irrigation Committee did not complete its labours to arrive at any definite conclusions?

THE HON. MR. YAKUB HASAN :—" (a), (b) & (c) Attention is invited to the answer given to starred question No. 520 on the 12th December 1938 which gives complete information on all points."

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Refusal to grant a revolver-licence to a certain medical practitioner of Rajahmundry.

* 1130 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state—

(*a*) whether it is a fact that a certain registered medical practitioner of Rajahmundry, East Godavari, recently applied for a licence for a revolver; and

(*b*) whether it is a fact that this application was refused, because the applicant had been convicted in connexion with the Non-co-operation Movement?

The Hon. Dr. P. SUBBARAYAN:—" (*a*) Yes.

" (*b*) The application was refused. The fact that the applicant was convicted in connexion with the non-co-operation movement had no bearing on the refusal; but the Government have asked the District Magistrate to reconsider his decision."

Sri G. RANGIAH NAYUDU:—" Is it not a fact that all the disabilities and disqualifications of political prisoners have been removed after the advent of this Government to office? "

The Hon. Dr. P. SUBBARAYAN:—" It has been repeatedly mentioned on the floor of this House that there is no such category as a political prisoner."

Sri K. V. R. SWAMI:—" May I know, Sir, whether the gentleman appealed to the Board of Revenue and they rejected the appeal? "

The Hon. Dr. P. SUBBARAYAN:—" I believe the hon. Member is correct in his presumption."

Sri K. V. R. SWAMI:—" May I ask, Sir, whether the subordinates of the Government are giving effect to the Government Order passed by the Government in that connexion? "

The Hon. Dr. P. SUBBARAYAN:—" I am sure that they take into consideration all the orders of the Government that have been duly passed."

Delay in the renewal of gun licences of the people of Beltangadi sub-taluk, South Kanara district.

* 1131 *Q.*—Sri K. R. KARANT: Will the Hon. the Minister for Law be pleased to state—

(*a*) whether the jamabandi officer for the Beltangadi sub-taluk of South Kanara has recently received a petition from the villagers of that sub-taluk that there is long delay in renewing the gun licences of the people;

(*b*) whether Government will enquire into this delay and state what the period of such delay is and the reason therefor; and

(*c*) what action, if any, has been taken upon the said petition of the villagers and what measures Government propose to take to give redress?

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THE HON. DR. P. SUBBARAYAN:—" (*a*) A petition was received by the Collector and Jamabandi Officer on the 27th January 1939.

" (*b*) On enquiry the Government find that the number of applications for the renewal of licences for 1939 received by the District Magistrate, South Kanara, was over 4,000. Three thousand nine hundred and twenty licences for renewal were received up to the end of December 1938, and of these, 2,096 were renewed and despatched before the end of that month, and the renewal work of the rest was almost over by the end of January 1939. The bulk of the applications was received only after the middle of November 1938 and a large number of petitions had to be returned to the parties concerned as they were insufficiently stamped or for certain other reasons.

" (*c*) On the date on which he received the petition, the District Magistrate directed the Taluk Magistrate to see to the immediate despatch of the renewed licences on receipt. At the same time he issued instructions that licensees should not be prosecuted for failure to deposit their weapons on the expiry of their licences prior to 15th February 1939. The Government do not consider that any further action is called for."

Removal of the burial ground in R.S. No. 176, *Vishnuvakkam village, Tiruvallur taluk, to R.S. No.* 134.

* 1132 *Q.*—SRI J. SIVASHANMUGAM PILLAI: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether it is a fact that a burial ground is in R.S. No. 176 of Vishnuvakkam village, Tiruvallur taluk, which is the bed of Kattangal channel;

(*b*) whether it is a fact that petitions were submitted to the Government by the depressed classes to remove the burial ground to R.S. No. 134; and

(*c*) what action the Government have taken to remove the burial ground?

THE HON. DR. T. S. S. RAJAN:—" (*a*) *to* (*c*) Information has been called for."

Government aid for starting mosquito campaign in municipalities and panchayats.

* 1133 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) the number of municipalities and the number of panchayats in the Province;

(*b*) the number of municipalities and panchayats which have started a campaign against mosquitoes;

(*c*) whether the method of campaign is the same in all of them;

(*d*) if not, whether the Government consider it desirable that the method of campaign be the same in all of them;

(*e*) whether the Government intend to devise a scheme whereby all municipalities and panchayats should start a campaign against mosquitoes, by adopting a uniform, effective and at the same time cheap method; and

(*f*) whether the Government will consider the desirability of making grants to the municipalities and panchayats to successfully carry out the campaign?

THE HON. DR. T. S. S. RAJAN:—" (*a*) *to* (*f*) Information has been called for but has not yet been received."

Conversion of the unani dispensary at Sakalakonda, Udayagiri taluk, into an ayurvedic dispensary.

* 1134 *Q.*—DR. MUHAMMAD ABDUS SALAM: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) the number of ayurvedic and unani dispensaries maintained by the District Board, Nellore, in 1930;

(*b*) how many of the two systems are working now;

(*c*) what the reasons were for the conversion of the unani dispensary at Sakalakonda, Udayagiri taluk, into an ayurvedic one;

(*d*) whether it is a fact that the President, District Board, gave an assurance that a unani dispensary will be opened at some other suitable place; and

(*e*) whether any such dispensary was opened?

THE HON. DR. T. S. S. RAJAN:—" (*a*) Twenty-six ayurvedic and two unani dispensaries.

" (*b*) Thirty-two ayurvedic and two unani dispensaries.

" (*c*) The President, District Board, Nellore, reports that as the district board felt that the people of Sakalakonda and the neighbouring villages were desirous of having an ayurvedic dispensary at the place instead of a unani dispensary, the unani dispensary was converted into an ayurvedic dispensary with the concurrence of the Principal, Indian Medical School.

" (*d*) The President, District Board, Nellore, reports that no information is available on this point.

" (*e*) The answer is in the negative."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" May I know, Sir, how long the unani dispensary has been in existence?"

THE HON. DR. T. S. S. RAJAN:—" Notice."

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DR. MUHAMMAD ABDUS SALAM:—" In view of the fact that one of the unani dispensaries was converted into an ayurvedic dispensary, may I ask, Sir, whether the district board will be instructed to open another unani dispensary in some place where the inhabitants want it? "

THE HON. DR. T. S. S. RAJAN:—" That matter is entirely in the hands of the district board and they are best fitted to find out where a particular type of dispensary is required by the people and it is they that should decide the matter and not the Government."

DR. MUHAMMAD ABDUS SALAM:—" Why did not the district board even at the outset decide against the opening of the unani dispensary, knowing as they are expected to do, the requirements of the people of that locality? "

THE HON. DR. T. S. S. RAJAN:—" I am afraid that question must be addressed to the district board."

Nature of encouragement given by Government in the manufacture of jaggery from sweet juice obtained by tapping trees.

* 1135 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the places where jaggery is manufactured from sweet juice got from tapping trees;

(*b*) the quantity manufactured;

(*c*) the value of the same; and

(*d*) the nature of encouragement given by Government for this industry?

THE HON. SRI V. I. MUNISWAMI PILLAI:—" (*a*) Palmyra jaggery is manufactured from sweet toddy on a large scale in East and West Godavari, Salem and Tinnevelly districts and in parts of Malabar, Guntur, Nellore and Ramnad districts, and on a smaller scale in other areas where palmyras are tapped for sweet toddy.

" Coconut jaggery is prepared on the West Coast and in parts of Salem district.

Date palm jaggery is prepared in parts of Nellore district and also in parts of Cuddapah.

" (*b*) & (*c*) The Government have no information as regards the total quantity of jaggery produced in a year in this Presidency. According to Messrs. Parry & Co., the total production of palmyra jaggery in Tinnevelly, Nidadavole and Palghat area in 1937 was from 150,000 to 170,000 candies of 500 lb. each valued at Rs. 23,10,000 to Rs. 27,10,000. The quantity of coconut jaggery produced in the Salem district from October 1937 to March 1938 was 13,440 candies valued at about Rs. 3,20,000.

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" (*d*) In areas where the Madras Abkari Act is in force, sweet toddy is exempt from all provisions of the Abkari Act in the major part of the Province. Demonstrations of the methods of making a superior class of jaggery have been conducted by the Department of Industries in Tinnevelly, West Godavari, Salem and Cuddapah districts. Five co-operative societies have been formed in the Salem district, for manufacturing coconut jaggery. A subsidy has been given to a tappers' co-operative society at Peravali in West Godavari district and a Junior Inspector of Co-operative Societies and a demonstrator have been employed to assist the society. Palmyra jaggery is exempt from the excise duty on sugar."

Statistics regarding assignment of land to Harijans for building houses.

* 1136 *Q.*—Sri N. M. R. SUBBARAMAN: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) how many acres of land in each district have been assigned to Harijans for building houses;

(*b*) to how many persons they have been given in the various districts;

(*c*) whether grants are given to them to purchase sites for building houses; and

(*d*) if so, what is the number of persons to whom such grants were made and what the amount given to them is, districtwar?

The Hon. Sri V. V. GIRI:—" (*a*) *to* (*d*) A statement [a] furnishing the information in respect of all districts except Kistna, Kurnool and Bellary is placed on the table of the House. Information in respect of these three districts has been called for."

Sri S. NAGAPPA:—" హరిజనులు ఇదివరకు వారెన్ని సార్లడిగినప్పటికీ వారికి ఇళ్లు కట్టుకొనుటకు ఒక్క దమ్మిడికూడా సర్కారువారు సహాయము చేయడము లేదు. ఇకముందు చేస్తారా?"

The Hon. Sri V. V. GIRI:—" ఆలోచిస్తాము."

Labour union for textile workers, Madura.

* 1137 *Q.*—Sri V. S. R. M. VALLIAPPA CHETTIYAR: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) what the actual paying membership of the Madura Labour Union for textile workers is and who its office-bearers are;

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[a] Printed as Appendix I on page 188 infra.

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(*b*) when the union was registered aud whether audited statements and annual returns have been sent by the union in time and regularly;

(*c*) what its *present financial position* is;

(*d*) what the number of workers in Madura eligible for membership of the union is and how many of them are members of this union; and

(*e*) how many workers from each of the textile mills in Madura and the vicinity are members of the union and how many workers are actually working in each of the mills?

THE HON. SRI V. V. GIRI:—" (*a*) *to* (*e*) The Government have no information but have called for a report."

Allocation of house-sites for the depressed classes in Vishnuvakkam village, Tiruvallur taluk.

* 1138 *Q.*—SRI J. SIVASHANMUGAM PILLAI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether it is a fact that 4 acres of R.S. Nos. 175 and 184 of Vishnuvakkam village, Tiruvallur taluk, were transferred in 1933–34 as village-site poramboke for allocation as house-sites for the depressed classes;

(*b*) whether it is a fact that a cart-track has been laid through the abovementioned site by the villagers without the permission of the Collector of the district;

(*c*) if the answer to (*b*) is in the affirmative, what steps the Government have taken to remove the track;

(*d*) whether it is a fact that the land west of the above track was not allocated to the depressed classes as house-sites; and

(*e*) whether it is a fact that several memorials and petitions were submitted to the authorities not to lay the above track and also to allocate the land west of the track as house-sites for depressed classes?

THE HON. SRI V. V. GIRI:—" (*a*) An extent of 2·32 acres in S. No. 175 and 1·36 acres in S. No. 184 of Vishnuvakkam village was transferred village-site poramboke in 1935 for allocation as house-sites to the scheduled classes.

" (*b*) Yes, a cart-track has been laid by the Local Fund department without obtaining the permission of the Collector.

" (*c*) No steps have been taken to remove the track.

" (*d*) Yes.

" (*e*) The answer is in the negative."

SRI D. RAMALINGA REDDIYAR:—" With regard to clause (*e*) may I know whether any petition has been received by Government for the removal of the road? "

THE HON. SRI V. V. GIRI:—" No petitions or complaints have been received in this respect."

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Measures for the employment of the unemployed students trained in Government Trade Schools.

* 1139 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) the number of students trained in each trade in the several Government Trade Schools till now;

(*b*) the number of the employed and unemployed among them; and

(*c*) what steps the Government propose to take so that the unemployed may be employed?

THE HON. SRI V. V. GIRI:—"(*a*) & (*b*) A statement [a] furnishing information as regards the number of students trained in the several Government Trades Schools and the number known to be employed is placed on the table of the House. The Government have no information as regards the other students whose whereabouts are not known to them.

"(*c*) The Principal, Government School of Technology, Madras, maintains an employment register with a view to keep in touch with and to assist ex-students to find suitable employment. The Superintendents of the Government Industrial Schools have been instructed to take similar action.

"The question of evolving a scheme which may to some extent solve the question of unemployment among educated persons in the Presidency is under the consideration of Government."

SRI G. KRISHNAMURTI:—"May I know why Government should not issue circulars to big employers insisting on them to take in these students."

THE HON. SRI V. V. GIRI:—"Government are trying their best to make the principal industries take in these students as much as possible."

SRI G. KRISHNA RAO:—"May I know whether the Textile Institute is not affiliated to the Diploma Examination Board?"

THE HON. SRI V. V. GIRI:—"Notice."

SRI P. R. K. SARMA:—"May I know whether Government have any proposal for establishing employment exchanges?"

THE HON. SRI V. V. GIRI:—"That matter is being considered."

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[a] Printed as Appendix II on page 189 *infra*.

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Duty on kerosene oil.

* 1140 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) what the total consumption of kerosene oil in this Province is;

(*b*) wherefrom the same is received;

(*c*) whether there is any duty on it; and

(*d*) if so, how much?

The Hon. Sri V. V. GIRI:—" (*a*) The total imports of kerosene oil into this Province during 1937–38 were 12,550,902 imperial gallons and exports during the same period were 5,345,352 imperial gallons. The net imports of 7,205,550 imperial gallons may be taken to be roughly the quantity of kerosene consumed in this Presidency.

" (*b*) Supplies of kerosene oil are chiefly derived from Burma, Soviet Russia, Netherlands Indies, Iran and United States of America.

" (*c*) & (*d*) A duty of As. 3–9 per imperial gallon is levied on imported kerosene as per the Indian Customs Tariff."

Sri V. VENKATASUBBAYYA:—" May I know to what places it is exported from here? "

The Hon. Sri V. V. GIRI:—" Notice."

Sri K. V. R. SWAMI:—" May I know whether any oil, any vegetable oil, can be substituted for kerosene oil? "

The Hon. Sri V. V. GIRI:—" Notice."

Value of cloth required and the value of khaddar purchased by the several departments of Government during 1938.

* 1141 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) the value of cloth required by the several Government departments during the calendar year 1938;

(*b*) the value of khaddar purchased by such departments; and

(*c*) whether the Government issued any orders that khadder should be purchased wherever possible?

The Hon. Sri S. RAMANATHAN:—" (*a*) & (*b*) The information has been called for.

" (*c*) The attention of the hon. Member is invited to the answer to Legislative Assembly question No. 736."

Sri P. R. K. SARMA:—" May I know when Government propose to supply khaddar uniforms to the police constables? " (Laughter.)

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THE HON. SRI C. RAJAGOPALACHARIAR :—" It is not only the date that is in question." (Laughter.)

SRI KALA VENKATA RAO :—" Are the Government aware that a Congress member of this Assembly was refused in the General Hospital to be supplied with any khaddar cloth though he had conscientious objection to wear non-khaddar cloth? "

THE HON. SRI S. RAMANATHAN :—" He could wear his own clothing."

SRI K. V. R. SWAMI :—" May I know why the entire cloth supplied to the hospitals is not khaddar; why should other kinds of cloth be supplied? "

THE HON. SRI S. RAMANATHAN :—" We have decided that a portion only of the supply shall be in khaddar because there are certain articles which cannot be made of khaddar, for instance woollen blankets."

* 1142 Q.—SRI D. NARAYANA RAJU : Will the Hon. the be possible to supply khaddar at least to the peons of the Hon. Ministers? " (Laughter.)

THE HON. SRI C. RAJAGOPALACHARIAR :—" I am very glad the point has been taken. Some hon. Members may be inclined to take it as a matter of humour. But considered from a very serious point of view it is not desirable to make the peons change dresses if the Ministers should change." (Laughter.)

Swadeshi articles purchased by the Stationery Stores and their value.

* 1142 Q.—SRI D. NARAYANA RAJU : Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(a) in what way the Government order on the use of the swadeshi articles in Government departments is being implemented; and

(b) after the issue of the said Government order, what swadeshi articles were purchased by the Stationery Stores and of what value?

THE HON. SRI S. RAMANATHAN :—" (a) After the issue of the Government order, swadeshi articles are freely purchased for Government departments.

" (b) Full information is not available. List * of swadeshi articles purchased during 1938–39 is furnished."

SRI P. R. K. SARMA :—" May I know what is the value of articles indented or purchased after the issue of orders by the Stationery Office, and how much of it is swadeshi? "

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* Printed as Appendix III on pages 190–191 infra.

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THE HON. SRI S. RAMANATHAN :—" The information has been called for."

SRI K. V. R. SWAMI :—" In the statement appended I find under item 28, 1,150 Tata Mills white sarees have been purchased for a sum of Rs. 2,371-4-0. May I know why these sarees should be purchased instead of khaddar sarees?"

THE HON. SRI S. RAMANATHAN :—" It all depends on the purpose for which these sarees are used."

SRI K. V. R. SWAMI :—" Are they not intended for wearing by ladies?"

THE HON. SRI S. RAMANATHAN :—" Notice." (Laughter.)

SRI D. NARAYANA RAJU :—" Are Government satisfied with the pace of progress made in the purchase of swadeshi articles?"

THE HON. SRI C. RAJAGOPALACHARIAR :—" Government are very anxious to speed up the pace as far as possible."

SRI S. NAGAPPA :—ఈ శాసన సభలో ఉపయోగించే కాగితములు పెన సిల్లు మొదలైన వస్తువులన్నియూ స్వదేశీవేనా? ".

THE HON. SRI S. RAMANATHAN :—" స్వదేశీవే . . . ."

UNSTARRED QUESTIONS

Match factories in the Province.

328 *Q.*—SRI K. V. R. SWAMI : Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) the number of companies manufacturing safety matches in this Province;

(*b*) when each was started;

(*c*) what part of the capital in each company belongs to Indians and what part to others; and

(*d*) the dividends paid to share-holders in each of the last five years?

A.—(*a*) *to* (*d*) The information has been called for.

Work of the Labour department in respect of the schools conducted and the wells constructed for the depressed classes in the last three years.

329 *Q.*—SRI RAO BAHADUR M. C. RAJAH: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) the number of Labour schools conducted by the Labour department in 1936–37, 1937–38, 1938–39, the total number of pupils in them and the amount spent for free books and slates for the pupils, respectively, districtwar in our Province;

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(b) the total number of wells constructed by the Labour department for the use of the depressed classes and the total cost incurred for that purpose in 1936–37, 1937–38, 1938–39, respectively, districtwar in our Province; and

(c) the total number of scholarships given to pupils reading in schools in 1936–37, 1937–38, 1938–39, respectively, and the total value of these scholarships, districtwar?

A.—(a) to (c) The information is furnished in the statements [a] appended.

Recommendations of the Courts of Enquiry regarding labour disputes at Coimbatore and Madura.

330 Q.—SRI P. R. K. SARMA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) how far the recommendations of the Courts of Enquiry have been implemented by the employers at Coimbatore and Madura;

(b) what the recommendations are which have not been implemented; and

(c) what the Government propose to do further in the matter?

A.—(a), (b) & (c) The recommendations of the Court of Enquiry, Madura, regarding the increase in the rate of wages to workers have been given effect to by the Management of the Madura Mills. The recommendations of the Court of Enquiry, Coimbatore, as modified by the Government on the question of wages have also been accepted by the mill owners in the majority of cases. With a view, however, to find out how far these recommendations have been implemented, the Government have recently sanctioned the appointment of an accountant to help the Inspector of Factories, Coimbatore, in his investigations into the matter.

As regards recommendations by both the courts concerning hours of work, the Government consider that action should be taken on an all-India basis. They have, accordingly, addressed the Government of India in the matter. A summary of action taken as regards the other important recommendations of the Court of Enquiry, Coimbatore, is furnished in the statement [b] appended.

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[a] Printed as Appendix IV on pages 192–195 infra.

[b] Printed as Appendix V on pages 196–197 infra.

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Resumption of the undeveloped portion of the disafforested shola land assigned to the Madras Tea Estates, Limited, in the Cumbum Valley, Periyakulam taluk.

331 *Q*.—Sri K. SAKTIVADIVELU GOUNDER: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether the Government have granted the assignment of any disafforested shola land in the high range in the Cumbum Valley, Periyakulam taluk, to the Madras Tea Estates, Limited, some ten years back;

(*b*) if so, what the extent of land disafforested is;

(*c*) what the extent of land granted to the Madras Tea Estates, Limited, is;

(*d*) what became of the rest, if any, of the land so disafforested;

(*e*) what the terms and conditions are subject to which the grant of land has been made;

(*f*) the elevation and nature of the land granted;

(*g*) the steps taken by the Government to ascertain the injurious effects, if any, of the denudation of a large extent of forest land on rainfall and supply of water in the Suruliar river and the Periyar system;

(*h*) whether the Government ascertained the timber value of the existing trees in the disafforested land before the grant and got any separate compensation on account of the value of the existing trees from the grantee;

(*i*) how many acres of land from out of the land granted to the Madras Tea Estates, Limited, have been cleared of forest growth now and how many acres are under tea, coffee and cardamom cultivation separately now;

(*j*) whether the Government are aware that it is not necessary to clear the forest for cardamom cultivation;

(*k*) how many acres of the land are assessed at Rs. 3 and at As. 10 per acre, respectively, now;

(*l*) whether any time-limit has been fixed for the development of the land after which period it may be assessed at Rs. 3 per acre;

(*m*) who is the authority to classify the land as developed or as undeveloped and on what basis;

(*n*) whether there was any violation of the terms and conditions of the grant by the grantee;

(*o*) when and how many times the Government Revenue officers not below the rank of (1) the Revenue Divisional Officers and (2) the Revenue Inspectors, inspected the extensive land granted under special and additional conditions of assignment, before and after the grant of the land and what their reports were; and

(*p*) whether the Government will consider the desirability of resuming, at least, the remaining undeveloped land from the grantee?

A.—(*a*) The answer is in the affirmative.

(*b*) 10,730·5 acres.

		ACS.
(*c*) Area assigned in 1931	... ...	8,915·62
Area assigned in 1934	... ...	979·00
	Total ...	9,894·62

(*d*) The rest of the area consisted of uncultivable rock, path poramboke and Suruli river poramboke.

(*e*) Copies of the orders [a] of the Government containing the terms and conditions of the assignment are appended.

(*f*) In 1926, the Chief Conservator of Forests reported that the land was an undulating plateau at an elevation of from 5,000 to 6,000 feet above the sea level and some 4,000 feet above the plains, that it was situated at the top of a line of crags and steep slopes, that there was a very abrupt drop into the plains of Cumbum Valley and that the land was for the most part covered with dense evergreen forest though there was little timber of any value and that even the little timber could not be extracted at a profit.

(*g*) The attention of the hon. Member is invited to conditions 3, 8 and 9 of G.O. No. 2519, Revenue, dated 26th November 1931,[a] and to conditions of 2, 7 and 8 of G.O. No. 1229, Revenue, dated 21st June 1934,[a] copies of which are appended to this answer.

(*h*) The Government considered the matter and ordered that no separate charges should be made on account of the value of the trees then existing on the land.

(*i*), (*k*) & (*o*) The Government have called for information.

(*j*) The answer is in the affirmative.

(*l*) The answer is in the negative.

(*m*) "Estate developed" lands are lands within estates planted with tea, coffee, rubber, cinchona or any other special crop or occupied by buildings required for or ancillary to the cultivation of these crops or their preparation for the market. All other estate lands are classed as "Estate undeveloped" lands. It is left to the local revenue authorities to classify lands as developed and undeveloped on the above general principles.

(*n*) The Government have called for a report.

(*p*) This will be considered on receipt of the report referred to in the answer to clause (*n*).

[a] Printed as Appendix VI on pages 196–202 *infra*.

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Production, Import and Export of Khaddar in the Province during 1937 *and* 1938.

332 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the quantity of khaddar produced in this Province during each of the calendar years, 1937 and 1938;

(*b*) whether any khaddar is imported into this Province from outside;

(*c*) if so, what the quantity is; and

(*d*) the quantity of khaddar exported from this Province to other places during the calendar years, 1937 and 1938?

A.—(*a*), (*b*), (*c*) *&* (*d*) The production during 1938 was 4,488,333 square yards. Information regarding other points is being collected.

Rights and duties of the muttadars in the Vizagapatam and East Godavari districts.

333 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Revenue be pleased to state with reference to unstarred question No. 168 answered on 14th March 1938 in respect of duties and powers of the muttadars in certain Agency tracts in the Vizagapatam and East Godavari districts—

(*a*) whether the information called for has been received; and

(*b*) if so, whether the question will be answered?

A.—(*a*) *&* (*b*) Complete particulars have not yet been received in respect of clause (*a*) of unstarred question No. 168 answered on 14th March 1938. The answers to the other clauses of that question are as shown below:—

Legislative Assembly Question No. 168 (*unstarred*).

168 *Q.*—MR. P. PEDDA PADALU: Will the Hon. the Minister for Revenue be pleased to state in respect of the Agency tracts (excluded areas) in Srungavarapukota, Gudem and Golgonda taluks of the Vizagapatam district and Yellavaram taluk in the East Godavari district—

(*a*) * * *

(*b*) whether the muttadar is authorized to levy and collect kists as he likes from the ryots or to levy the same with the consent of the Government;

(*c*) under what provision of law the muttadar is levying assessment and other remunerations from the ryots; and

(*d*) whether the muttadar is authorized to eject a ryot from the mutta land under his cultivation, or to drive any ryot out of the village in which he is residing or to take any action against a ryot either criminally or civilly; if so, under what authority?

A.—(*a*) * * *

(*b*) The muttadar is not authorized to collect or enhance rentals as he likes. He is to collect only such fees and revenues as may be settled and determined from time to time by the Government Agent under the orders of the Government. Muttadars can levy additional rents for extension of cultivation on their muttas subject to the approval of the Government Agent. The mutta rent rolls are verified and the demand fixed for each fasli by the jamabandi officer.

(*c*) The mutta system has no statutory basis. The muttadars hold the position of collection agents for the Government under the conditions of the sanads granted to them.

(*d*) The muttadar has no power of ejectment or any power to proceed criminally or civilly against a ryot other than that possessed by any citizen.

Reasons for charging higher rate for green-manure in reserve forests.

334 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the districts in which fees are charged for green-manure;

(*b*) the fees for a cart-load of green-manure in the panchayat areas of forests;

(*c*) what the same in forests under Government control is; and

(*d*) the reasons for the higher rate in the latter forests?

A.—(*a*), (*b*) & (*c*) A statement[a] furnishing the information is appended.

(*d*) The rates have been fixed after due consideration of the conditions in each district. The policy followed by the Forest department in regard to manure leaf has been to discourage its removal from reserved forests as it has a harmful effect on the growth of the trees and shrubs from which it is cut, and, therefore on the timber and fuel supplies. Further, where special "Manure leaf felling series" have been formed, artificial regeneration is undertaken subsequent to working in a coupe, which ordinarily uses up a large part of, or possibly more than the fees charged for removals.

[a] Printed as Appendix VII on page 203 infra.

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Reasons for closing the Andhra Paper Mill.

335 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether it is a fact that the Andhra Paper Mill closed its doors against the workers;

(*b*) what the reasons given by the managers of the mill for closing the mill are;

(*c*) whether the same are correct;

(*d*) if not, whether the Government propose to take action against them; and

(*e*) what the real reasons for closing the mill are?

A.—(*a*) The answer is in the affirmative.
(*b*) *to* (*e*) A report has been called for.

Statistics regarding the residential and non-residential Harijan schools in Ramnad district.

336 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) the number of residential and non-residential Harijan schools in Ramnad district;

(*b*) the places where they are located;

(*c*) the number of pupils, boys and girls in each of them;

(*d*) the agencies which maintain them; and

(*e*) the help which the Government render them?

A.—(*a*) *to* (*e*) Two statements [a] furnishing the information are appended.

Maintenance of homeopathic dispensaries by local bodies.

337 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) the names of the local bodies which are permitted by Government to open and maintain homeopathic dispensaries;

(*b*) the annual cost of each dispensary;

(*c*) the annual cost of medicine for each such dispensary; and

(*d*) the number of patients treated last year in each?

[a] Printed as Appendix VIII on pages 204-207 infra.

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A.—(*a*) Local bodies may open and maintain Homeopathic dispensaries without Government sanction. Sanction of Government is required only for fixing the strength of the staff to be employed in those institutions. The undermentioned district boards maintain Homeopathic dispensaries:—

(i) The Kistna District Board.

(ii) ,, East Godavari District Board.

(iii) ,, Ramnad District Board.

(*b*), (*c*) & (*d*) The information available is furnished below:—

Name of district board.	Name of dispensary.	Annual cost (including cost of medicine).	Cost of medicines.	Patients treated in 1938.
		RS.	RS.	
East Godavari ..	Kotipalli ..	* 1,076	* 174	* 2,360
Kistna	Edulagudem.	900	360	5,068
Ramnad	Paganeri ..	2,653	474	9,082

* The statistics shown against Kotipalli are for 1937. The statistics given against Edulagudem and Paganeri are for 1938.

Introduction of compulsory Hindustani in schools and the agitation against such introduction.

338 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Education be pleased to state—

(*a*) the number of boys' and girls' schools in which compulsory Hindustani will be introduced in 1939–40;

(*b*) what those schools are;

(*c*) the total strength both before and after the introduction of compulsory Hindustani of the first three forms of those schools in which compulsory Hindustani has been introduced so far;

(*d*) the number of boys' and girls' schools picketed by anti-Hindustani agitators;

(*e*) what those schools are;

(*f*) the nature of picketing adopted;

(*g*) the number of men and women arrested and convicted for picketing;

(*h*) whether the strength of the schools picketed has been affected;

(*i*) whether representations have been received by the Government from parents and teachers for and against compulsory Hindustani;

(*j*) whether the Government have any intention of changing their policy regarding compulsory Hindustani; and

(*k*) if so, what the nature of the changes is?

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A.—(*a*) & (*b*) It is proposed to introduce the teaching of Hindustani in one hundred more schools next year. A list of these schools will be notified in due course.

(*c*) According to a report obtained recently from the Director of Public Instruction, the present strength of the I Form in the 125 schools in which Hindustani was taught in the current year was 10,492 as compared to 9,779 in the previous year. The figures for other classes have not been received. In the ordinary course the current year's figures of the strength of each school reach the office of the Director of Public Instruction only after the close of the academic year. Hence complete figures are not now available.

(*d*) & (*e*) So far as the Government are aware, demonstrations have taken place by the side of the Hindu Theological High School, Georgetown, Madras, and to a very slight extent at the Hindu High School, Triplicane, Madras, the Municipal High School, Salem, and the Municipal Higher Elementary School, Shevapet, Salem. All these are schools for boys.

(*f*) The hon. Member is referred to the answer to clause (i) of starred question No. 685 asked at the meeting of the Legislative Assembly held on the 26th January 1939.

(*g*) The figures up to the 31st January 1939 are as follows:—

	Men.	Women.
Number of persons arrested ...	716	36
Number of persons convicted ..	683	36

(*h*) The strength of the schools does not seem to have been affected.

(*i*) & (*j*) The answer is in the negative.

(*k*) The question does not arise.

Educational—general and professional—and boarding facilities afforded to the Scheduled Class pupils of the Tinnevelly district during the current year.

339 *Q*.—SRI K. P. YAGNESWARA SARMA: Will the Hon. the Minister for Industries and Labour be pleased to state with reference to the *Tinnevelly district*—

(*a*) the number, talukwar, of Scheduled Class pupils enjoying in the current year—

(i) labour scholarships for ordinary education, commercial education, professional education and industrial education;

(ii) special scholarships awarded by the Director of Public Instruction and the District Educational Officer;

(iii) benefits of residence in the Paddison and Slater hostels; and

(iv) boarding grants awarded by the Labour Commissioner;

(b) the amount allotted to the Collector this year for giving non-recurring grants towards fees, books, clothes, etc.; and

(c) the number and nature of the co-operative societies till now organized for the benefit of the Scheduled Classes?

A.—(a) (i) Non-residential scholarships for ordinary education granted by the Commissioner of Labour during 1938-39—

Name of taluks in which the institutions are situated.	Number of grants made in the year.
Elementary and secondary school classes—	
(1) Tinnevelly	49
(2) Tiruchendur	10
(3) Nanguneri	14
(4) Sankarankoil	40
(5) Tenkasi	20
(6) Srivaikuntam	39
(7) Ambasamudram	4
(8) Koilpatti	7
College classes—	
(9) Tinnevelly	1
Total ..	184

Residential scholarships granted for ordinary education in all classes during 1938-39—

(1) Tinnevelly	3
(2) Sankarankoil	1
Total ..	4

Commercial and professional education.	Nil.
Industrial education—	
Tiruchendur	1

(ii) The Government have no information available with them now.

(iii) No pupils from the district applied for admission to the Slater hostel during the current year. In the Paddison hostel there are three pupils belonging to the Tinnevelly district One of them belongs to Koilpatti taluk and the other two to Nanguneri taluk.

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(iv) Six pupils of the Tinnevelly district are getting boarding grants. Two of them are in Koilpatti taluk, three in Tinnevelly taluk and one in Srivaikuntam taluk.

(b) As Tinnevelly is not one of the districts in which the special labour staff works, the Collector of the district has not been empowered to spend money on lump sum grants for clothing, etc. No allotment for the purpose has therefore been placed at his disposal.

(c) The Government have no information available with them on this point.

Grant of house-sites to members of the scheduled classes in the West Godavari district.

340 *Q*.—Sri G. VENKANNA: Will the Hon. the Minister for Industries and Labour be pleased to state whether it is a fact that in some villages in the West Godavari district house-sites were not granted by the Labour department to the members of the scheduled classes, even after the deposit money was paid?

A.—Yes, in only one case relating to Kunavaram, hamlet of Veerampalem village, Tadepalligudem taluk. In this case though the applicants paid the initial deposit, they were not willing to pay their share of the cost at the rate fixed at the time of enquiry under section 5-A of the Land Acquisition Act.

Assistant panchayat officers in each district and their qualifications.

341 *Q*.—Sri D. RAMALINGA REDDIYAR: Will the Hon. the Minister for Local Administration be pleased—

(a) to place on the table a statement showing—

(i) the number of assistant panchayat officers in each district with their headquarters;

(ii) the number of panchayats under each of those officers;

(iii) the number of panchayats whose accounts were audited by each of those officers;

(b) to state what the qualifications of each of those officers are;

(c) whether they had any previous experience or training;

(d) if so, the nature of the training; and

(e) who makes these appointments?

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A.—(*a*) *to* (*d*) A statement [a] is placed on the table of the House.

(*e*) The presidents of district boards appoint the assistant panchayat officers in consultation with the Inspector of Municipal Councils and Local Boards.

Measures to regulate the production and marketing of tobacco.

342 *Q.*—SRI P. BUCHAPPA NAYUDU: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether the Government are aware of a heavy slump in the Virginia tobacco market in Guntur district;

(*b*) whether the Government have investigated into the causes thereof and if so, what the causes have been ascertained to be;

(*c*) whether they will lay on the table of the House a statement showing the comparative figures for the last five years regarding the area under cultivation of Virginia tobacco, the total quantity of leaf produced, and the total value of the same with reference to the market prices of respective years in Guntur district;

(*d*) what the Government have done till now to regulate the production and marketing of the Virginian tobacco in Guntur district; and

(*e*) what the nature of the measures is which the Government contemplate taking to regulate the production and marketing of the tobacco crop so as to guarantee the producer an economic price for the same?

A.—(*a*) The prices of Virginian tobacco at Guntur during 1939 are generally less than those in 1938 or 1937, and the market is not so active as last year.

(*b*) The Provincial Marketing Officer paid a special visit to Guntur during the current season with a view to study the conditions of local tobacco market and the subject is under further investigation by him. The slump in the Virginian tobacco market in Guntur district is due to (i) the small demand, consequent on the existence of heavy stocks on the English market particularly of low grades, and (ii) the poor quality of the crop. Exports from India (mainly Guntur) rose from about 10 to 20 million pounds in former years to nearly 30 million pounds in 1938. But there is no corresponding increase in the consumption of Indian tobacco in England; it rose from 12.7 *million pounds in* 1936 *to only* 14.2 *million* pounds in 1938. Consequently, unsold or undelivered stock has accumulated in the United Kingdom market. The estimated stock was 25 million pounds in May 1937, 39 million pounds in May 1938

[a] Printed as Appendix IX on pages 208–210 infra.

and about 50 million pounds in December 1938. Besides, inferior grades of tobacco have been indiscriminately sent to England by exporters, and they have accumulated. This is the main reason for the present situation. There was also an unprecedented rise in prices in Guntur during 1938 due to competition among purchasers, while exporters have not been able to realize value for all shipments.

(c) The statement below gives the particulars required:—

Year.	Area in acres.	Approximate quantity of cured leaves (million pounds).	Approximate estimated value to the grower (lakhs of rupees).
1934–35	40,000	32·00	82·00
1935–36	40,000	30·00	75 00
1936–37	50,000	35·62	119·00
1937–38	81,440	64·06	198·00
1938–39 *	98,000	47·05	100·00

* Estimates.

(d) & (e) Steps to regulate production and marketing of tobacco have been taken in several directions. During 1937, the provisions of the "Agricultural Produce (Grading and Marking) Act, 1937" in respect of Virginian tobacco at Guntur were applied and growers and the trade were given facilities to export tobacco in recognized and specified standards, through an association of growers and merchants called the "Indian Tobacco Association", and under marks laid down in the rules under the Act. Samples of graded Guntur tobacco were exhibited in England and other countries in Europe through the good offices of the High Commissioner, and arrangements were made to obtain quotations as well as to arbitrate in regard to disputes arising out of quality. Graded tobacco worth about 2 lakhs of rupees has been so far exported to England.

Proposals to restrict export of certain qualities not in demand in England are under consideration, so that the general price level of Indian tobacco may rise both in England and in Guntur. A meeting of the Indian Tobacco Association was held on 23rd January 1939 at Guntur to discuss the present situation. The Provincial Marketing Officer and one of the Marketing Officers of Delhi attended the meeting. After considerable discussion of the situation, it was resolved to request the Agricultural Marketing Adviser to the Government of India, Delhi, to appoint a committee of five people interested in the

tobacco trade in England including the Trade Commissioner to investigate the question of unsold stocks of Indian tobacco in England and report. It was further resolved that with a view to limiting export of indiscriminate quality and low grade tobacco to England, the Government of India be requested to restrict the export of tobacco below grade V as defined in the Agricultural Produce (Grading and Marking) (Tobacco) Rules.

Further, the provisions of the Commercial Crops Markets Act have been extended in respect of tobacco to Guntur district (and Bezwada taluk of the Kistna district) from 1st April 1939. Under the Act and Rules, growers will have facilities to market the produce under fair and controlled conditions in the district and will also be given help to trade in standard grades. Brokers and middlemen will be strictly licensed, conditions for fair sales introduced, and market intelligence supplied to the growers.

On the production side, the Agricultural department is doing propaganda with a view to educating the grower on the proper methods of rotation, growing and curing of tobacco, while the research station at Guntur is engaged in the work of selection of types and methods of curing, so as to improve quality and thus benefit the grower.

Concessions in respect of rates and freights for fruits exported from this Province.

343 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the total quantity of fruit sent out of the Province by rail and by sea in each of the last five years;

(*b*) the value of the same; and

(*c*) whether there are any facilities given in rates or freight; and if so, what the same are?

A.—(*a*) & (*b*) A statement [a] showing the figures of exports, as far as available, of mangoes, oranges, plantains and pears from this Province and their respective values are placed on the table of the House

(*c*) Facilities for transport exist by way of reduced freights, particularly for export to North India, through bogie wagons attached to parcel trains. In the case of plantains the reduced rates apply to the routes

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[a] Printed as Appendix X on page 211 infra.

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from Samalkot, Dwarapudi, Pithapuram, Kovvur, etc., in East Godavari district, and Bezwada, to Lucknow, Cawnpore, Allahabad, Delhi, Lahore and Amritsar.

Reduced rates have also been given from some places in the Cauvery area such as Mayanoor, Sankari, Perugamani and Trichinopoly to places in Northern India, but as there was very little traffic the concessions were withdrawn. In the case of mangoes, reduced rates in wagon loads exist for the following routes:—

I. From: Vizianagram, Alamanda, Simhachalam, Ellore, Rajahmundry, Nuzvid and Bezwada.
To places such as: Lahore, Amritsar, Sukkur, Rawalpindi and Delhi.

II. From: Chittoor, Damalcheruvu, Chandragiri, Nagari, Renigunta and Katpadi.
To places such as: Lahore, Amritsar, Bombay, Calcutta, Nagpur, Dhamangaon, Sukkur, Indore, Delhi, Chanda, Rohri and Baroda.

III. From: Koduru.
To places such as: Bombay, Ahmadabad and Surat.

Revenue from and expenditure on each district in the Province during 1936–37.

344 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Prime Minister be pleased to state the total revenue and total expenditure for each of the districts of this Province for the official year 1936–37?

A.—The figures of the total Provincial revenue and the total Provincial expenditure for each of the districts of the Province for the financial year 1936–37 as in district treasury account are given in the annexed statement.*

The figures given against each district do not include—

(1) the revenue and expenditure relating to Public Works and Forest departments and Commercial accounts, for which figures are not available by districts,

(2) the transfer entries and transactions in England which are very considerable and adjusted by the Accountant-General in the Provincial accounts as a whole and not by districts, and

* Printed as Appendix XI on page 211 infra.

(3) revenue or expenditure relating to the districts booked outside the districts, for example, that relating to the Legislature or the Governor or that relating to the Secretariat, Heads of departments, High Court, Stationery and Printing and the like.

Statistics regarding the manufacture of beedi, cigar and cigarette in this Province.

345 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) the number of beedi and cigar and cigarette manufacturing houses in this Province;

(*b*) where these are situated;

(*c*) the number of hands working in each;

(*d*) the quantity produced in each in 1937 and 1938; and

(*e*) the value of the same?

A.—(*a*), (*b*) & (*c*) A statement * giving a list of tobacco, beedi and cigarette factories in this Province coming under the operation of the Indian Factories Act with information as to location and the number of hands employed as far as available is placed on the table of the House. Information as to workplaces not coming under the operation of the Indian Factories Act is not available.

(*d*) & (*e*) No information is available.

Stoppage of the practice of taking mamul from village officers during jamabandi.

346 *Q.*—SRI V. BHUVARAHAN: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether the Government received a petition from many of the village officers of Tanjore district that the account checking section of the Revenue department receive some amount of money as mamul during the jamabandi time; and

(*b*) whether the Government will take steps to put an end to this practice in future?

A.—(*a*) Some representations have been received in the matter.

(*b*) The Government have already taken steps in the matter and have issued instructions that Collectors should satisfy themselves that allegations of corruption are enquired into carefully and proper action taken. The receipt of mamuls cannot, however, be effectively stopped as long as parties are willing to offer them.

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* Printed as Appendix XII on pages 212–214 infra.

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Loss incurred by the municipalities in the Presidency due to the abolition of tolls.

347 *Q*.—Sri V. BHUVARAHAN: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) the total income derived by all the municipalities from the system of tolls when the system was in existence; and

(*b*) the total amount of loss incurred by the municipalities of the Presidency due to the abolition of the toll system?

A.—(*a*) The average of the total income derived by all the municipal councils in the Province (excluding Berhampur and Parlakimedi now in Orissa Province) for the three years ended 1930–31 was Rs. 20·6 lakhs.

(*b*) The amounts by which the compensation authorized to be paid in lieu of tolls fell short of the above amount, are shown below:—

Year.	Shortage. RUPEES IN LAKHS.
1931–32	12·30
1932–33	9·53
1933–34	11·54
1934–35	11·03
1935–36	10·58
1936–37	9·60
1937–38	7·63

Municipal councils in this Presidency with and without Harijan Councillors.

348 *Q*.—Sri E. KANNAN: Will the Hon. the Minister for Local Administration be pleased to lay on the table a statement showing—

(*a*) the names of the municipal councils in this Presidency with Harijan Councillors and the particular community in the list of scheduled classes to which each such councillor belongs; and

(*b*) the names of the municipal councils that do not contain Harijan councillors?

A.—(*a*) & (*b*) The attention of the hon. Member is invited to the statement of Harijan members on municipal councils placed on the table of the House on the 15th March 1939 with reference to answer to unstarred question No. 264. The Government have no information as to the particular community to which each Harijan member referred to in the above statement belongs. The information has been called for.

Policy regarding the purchase of stationery articles.

349 *Q.*—SRI D. NARAYANA RAJU: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) the quantity and value of each of the various articles purchased since July 1937, by the Stationery Stores of the Government of Madras;

(*b*) what the policy underlying the purchase of these stationery articles is;

(*c*) what quantity, if any, is in stock now with reference to each of the articles of stationery; and

(*d*) how much of the stock is foreign and how much swadeshi?

A.—(*a*), (*c*) & (*d*) The information has been called for.

(*b*) The attention of the hon. Member is invited to the Press Communiqué issued in January 1938.

Statistics regarding prosecutions in the Province under the provisions relating to vaccination during the last three years.

350 *Q.*—SRI V. VENKATASUBBAYYA: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) the number of prosecutions in the Province under the compulsory provisions relating to vaccination during the last three years, 1936, 1937 and 1938 respectively;

(*b*) how many of these were in respect of primary vaccination and how many in respect of re-vaccination; and

(*c*) what the minimum and the maximum ages for compelling vaccination are?

A.—(*a*) & (*b*) Information is not available.

(*c*) Children above six months and under eighteen years of age are liable for compulsory vaccination.

Measures for the uplift of the Irular community in the North Arcot and South Arcot districts.

351 *Q.*—SRI N. ANNAMALAI PILLAI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) the number of persons belonging to Irular caste in the North Arcot and South Arcot districts;

(*b*) how many of them are literate; and

(*c*) what steps the Government have taken or propose to take to improve their status?

A.—(*a*) & (*b*) The Government have no information but have called for a report.

(*c*) The question of improving the lot of the Irulars is under consideration.

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Hardships of the lower grade trained teachers.

352 *Q.*—Sri N. ANNAMALAI PILLAI: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether in the past, candidates were eligible for appointment in elementary schools if they underwent the lower grade training;

(*b*) whether the Government have issued an order that such persons are not at present eligible for appointment;

(*c*) if so, how the Government propose to mitigate their hardship; and

(*d*) whether the Government will consider the question of giving facilities to such persons to undergo training in the higher elementary grade?

A.—(*a*) Yes.

(*b*) & (*c*) The Government have issued orders to the effect that lower elementary grade teachers should not be employed in schools under local bodies except when it is certified by the District Educational Officer or the Inspectress of Schools, as the case may be, that teachers with higher qualifications are not available for employment. This restriction does not apply to aided schools.

(*d*) Lower elementary grade teachers can improve their certificates by appearing for the T.S.L.C. examination of the higher elementary grade.

Constitution of the Bench Court at Masulipatam.

353 *Q.*—Sri V. KURMAYYA: Will the Hon. the Minister for Law be pleased to state—

(*a*) what the constitution of the Bench Court at Masulipatam is;

(*b*) the total number of Honorary Magistrates;

(*c*) the number of Brahmans, Non-Brahmans, Muslims, Christians, Adi-Andhras and women;

(*d*) on what principles the Government nominate such Magistrates and how the Government fix the proportion with respect to different communities; and

(*e*) whether the Government will consider the desirability of increasing the number of women members on the Bench?

A.—(*a*) & (*b*) The Bench Court at Masulipatam is a second-class Bench with a President, a Vice-President and fifteen other members.

(*c*) There are one Brahman, four Non-Brahmans and three Muslims. The communities of the remaining members are not known to Government. There is one woman member on the Bench.

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(*d*) The following points are considered in selecting honorary magistrates:—
Education.
Social standing.
Character.
Ability and proper representation of the several communities.

The first consideration must be the suitability of each particular person: subject to this consideration, the balance is held, as far as possible, as between the various communities.

(*e*) There is already one woman member: this is not out of proportion.

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

II.—GOVERNMENT BILL.

THE MADRAS SALES TAX BILL, 1939—*cont.*

MR. SPEAKER:—"The debate on the Madras Sales Tax Bill will now be resumed."

* MR. W. K. M. LANGLEY:—"Mr. Speaker, at a mass meeting held in the Congress House on the 16th March last, in order to celebrate the safe return of Congressmen from the Tripuri battle field (Opposition laughter), the Hon. the Premier twitted the European group and Europeans generally with remaining mum during the strong agitation which was going on all over the Presidency protesting against the terms of the Sales Tax Bill. Well, I think, the Hon. Premier overlooked the fact that we claim to be a constitutional party and group in this House, and we prefer to adopt strictly the opportunities given to us by the constitution in order to present any views we may hold on any matter which may affect us in any way; and the proper constitutional method is the method provided for us by the representation which has been given to us in this House. Invariably when such matters crop up, we hold consultations privately as to our attitude, but generally speaking, the public view of the European community will, I hope, always be represented through the group which sits in this House always, anyway so long as the Government in power adopt strictly constitutional methods and does not infringe any of those clauses in the Government of India Act which provide for adequate safeguards for our position both in respect of discrimination and expropriation. That, I wish to make plain, is our position in this country. I hope it will long continue to be so.

"But that is not to say that we have not every right to express ourselves very fully, indeed, in connexion with such important fiscal measures as this. In fact, I claim that we have a very much greater right to do so than any of the other groups, which constitute, the rather heterogeneous Opposition in this House. We stand firmly by the fiscal system which was handed over by the old

Government of Madras to the present Government. We consider that that fiscal system was well suited to the Madras Presidency, and we never desired any other fiscal system. We did not join with the other members of the Opposition in approving certain alterations in social and economic matters in this Presidency, which inevitably had the result of entirely altering, or rather requiring the alteration of the existing fiscal system. I refer, it is needless to say, to Prohibition, which, with the exception of this group, has been endorsed by all parties in this House; and I refer also to the insistent claim made not only on the other side of the House, but equally, and perhaps more so on this side of the House for large remissions in connexion with land revenue. Well, anybody who 3-3
is prepared to support that policy and these schemes, has, in my p.m.
opinion as the Hon. Prime Minister very rightly pointed out yesterday, considerably less right to object to new fiscal measures than a group such as that which I represent and which has all along stood firmly for the old well-tried fiscal system of this Province. (Hear, hear.).

" Well, Sir, the Hon. the Premier in his very interesting speech yesterday, I think, gave out very much more information than he ever gave to deputations which have already waited on him in connexion with this Bill, gave more than a hint that this Bill was rather forced upon him, not only by the limitations of the Government of India Act, but also by the scramble between the Centre on the one side and the Provinces on the other in connexion with the schedules to that Act. Well, it is very little consolation to the tax-payer who is unfortunately ground in between, when he finds the upper and the nether mill stones arguing fiscal questions in this way. Whatever happens to the upper and nether stones, I am afraid it is the tax-payer who will be ground between them; and this Bill gives us no possible guide as to what is going to happen to the tax-payer, whatever may happen in the unfortunate dispute in connexion with fiscal matters which is going on, not necessarily openly but tacitly, between the Central and the Provincial Governments. It is all the more for that reason that I state very emphatically that it is most desirable in my opinion, that the suggestion should be followed up which was put forward in the Imperial Legislative Assembly in Delhi within the last month or so, that there should be a meeting of all Finance Members not only of the Centre but also of the Provinces, in order to thrash out this exceedingly complicated and exceedingly delicate matter with a view to arriving at some clear understanding between the Centre and the Provinces as to their respective fields for taxation. That to my mind is of the utmost importance and until that has been done the tax-payers will have to pay for the result of this unfortunate argument which is going on between the financial interests connected with the respective Governments in this country. Now, it is very clear, and I think I am right in saying that the Hon. the Premier has made it quite clear, that this proposition in connexion with this sales tax is not really so much to make good the loss of revenues from one cause or another,

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but it is a most deliberate attempt and will no doubt be a successful attempt—as with other measures which we have recently had to face and which will in the course of a few days be made law—on the part of the Hon. Premier to shift the burden of taxation from the country to the town.

"Well, there is one respect in which the present Government in my opinion are exactly like the old Governments of this Province and that is in their curious ideas as to trade and commerce and particularly in their idea that trade as such is in a sort of water-tight compartment quite unaffected by agriculture or anything else and makes enormous profits which can be taxed to the full. That I know was the view of many members of the Indian Civil Service that were formerly in charge of the Government of the Province and that seems to be the view of the Government of the day. I beg to submit, Sir, that there is no greater fallacy than to suppose that you can separate the town and the country. In fact all the teachings of history are quite the other way. There must be several members in this House who have visited England and who are aware of many ancient towns which are now distinguished principally for their magnificent cathedrals such towns as Ely, Salisbury and also towns like Cirencester and Chipping Campden. They must be known to the Hon. the Revenue Minister who had been in England and who has a finer sense of the past than any one I know. These towns many years ago, when agriculture was flourishing in England, were great flourishing towns full of trade and commerce mostly connected with agriculture. Well, when agriculture in England began to decay and die—I sincerely hope that it will not come to pass in this country—these towns also began to decay and die. And to-day they are nothing more than interesting survivals visited by the tourist and the traveller. That to my mind shows quite clearly the inter-dependence between the town and the country. Let me take an instance which is nearer home. Take a town in this Presidency. Coimbatore amongst the bigger towns is perhaps the most prosperous town in the Presidency. In Coimbatore there is a very large textile mill industry which has sprung up and which I hope will increase and will continue to thrive. Now, take the relative position of Coimbatore and the surrounding agricultural districts. In the first place, the Coimbatore mills buy their cotton from the ryots in the surrounding agricultural districts; that cotton is then spun into yarn. In due course the yarn is sold again to the hand-loom weavers—I suppose a great majority of them are agriculturists—and the yarn is woven into very fine cloth. In due course that cloth comes to be sold all over the Presidency and it is purchased very largely by workers in the mills of Coimbatore and in other mills who are earning comparatively good wages and who are able to buy this cloth and support the hand-loom weavers. Thus we get a complete cycle in which the country and town are absolutely inter-dependent and each exists on the labour of the other. That, I maintain, shows very clearly the close inter-dependence between the town and the country, which we cannot get away from. Every

measure of taxation when it is sought to be placed solely on the urban interests must inevitably fall also on the agricultural interests. I maintain, therefore, that this theory of shifting the burden from the country to the town is a complete fallacy.

"Now, there is another fallacy in my opinion which has prompted this Bill; and that is a fallacy which was enunciated by the Hon. the Premier in his Budget speech when he referred to these measures of taxation and gave his theory that big business has been almost entirely escaping taxation. May I be allowed to refer to what I regard as the most valuable book which has ever been prepared in this country in connexion with taxation problems generally? I mean of course the Report of the Indian Taxation Enquiry Committee. That report covers practically every conceivable question in connexion with taxation. It discusses taxation as divided between the country and the town and particularly big business. If I am allowed to do so, I will give a quotation from page 349 of this report. This is in connexion with big business. The report reads:

'The big merchant class includes the proprietors, partners and managers of large businesses, who are found almost entirely in the towns. These people, together with the highest classes of professional men and a few officials contribute between them 66 per cent of the total collections of the income-tax, the bulk of the probate duties, the bulk of the customs taxation on luxuries, which amounts to 31 per cent of the whole, and a large proportion of the fees and taxes on transactions. These classes have borne the brunt of the many new burdens that have been imposed since the War, which landowners have to a great extent escaped.'

"Well, that is the considered opinion of the Indian Taxation Enquiry Committee and I do not think that I need go into the matter more fully. I maintain therefore that the idea that big business is not already paying its proper share in connexion with taxation is yet another of these fallacies which I am endeavouring to point out. However, the Hon. the Premier, backed by a large subservient majority—I think I may on this occasion, call it subservient, because I strongly suspect that a number of members on the other side of the House. . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—"If I heard Mr. Langley aright, I think he said 'Subservient majority.' I think it is not quite a nice term."

* MR. W. K. M. LANGLEY:—"I hope the Hon. the Premier will not suggest that I have made use of an unparliamentary word. I know I express myself strongly sometimes, but I think that the word 'subservient' is parliamentary. . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—"Very often a *well-disciplined* majority may pass for a *subservient* majority, Sir."

* MR. W. K. M. LANGLEY:—"I fully accept the words 'well-disciplined,' Sir. (Laughter.) The Hon. the Premier always finds the *mot juste* and I only wish that I were equally apt. Although it is my own language, I am not always so fluent. I accept the words. . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—" It is really a matter for the consideration of the hon. Member. Supposing I call the five or six members of his group 'subservient'; would he like it? "

* MR. W. K. M. LANGLEY:—" I can assure the Hon. Premier that we are very much a democratic body; although I am leader of the group, I am not entitled to lay down the law to the others. We are undisciplined when together, but well-disciplined outside. Exactly in the same way as I suspect in connexion with this Bill the Congress party is also undisciplined when they are together but extremely well-disciplined in this House. (Cheers.)

" Well, Sir, we must face the inevitable Bill. This measure in some form or other will be passed through this House in due course and be enforced. So let us make the best of what I regard as an extremely bad business. I have already referred earlier to the fact that this measure and other recent measures are intended to produce an entirely new fiscal orientation. Now the land revenue, according to the last published figures is approximately Rs. 5 crores, and the Excise approximately Rs. 4 crores. Now, the intention is to abolish the excise revenue of Rs. 4 crores; and if I have understood the Hon. the Revenue Minister correctly, I believe that he hopes to be able to relieve the ryots of this Presidency to the extent of about 50 per cent of their present charge in connexion with land revenue; consequently that means another $2\frac{1}{2}$ crores and we therefore have to face plainly the fact that this Government are determined to find altogether $6\frac{1}{2}$ crores by means of some other form of taxation, if they cannot as I wish they would, by instituting stringent economy instead. As the Government are faced with such an enormous question as finding no less than $6\frac{1}{2}$ crores, very nearly 50 per cent of the whole revenue of this Presidency, one would think that any Government in that position would conduct the most careful and complete enquiry as to how this money could be found.

" But, so far from that it seems to me that there has been practically no enquiry whatever. There certainly was no enquiry amongst mercantile interests, who are principally concerned, before this measure was introduced. There have been considerable discussions with merchants since, for which we are duly grateful. But such enquiries in most countries are conducted usually before the introduction of the measure and not after the introduction of the measure. Even the Chancellor of the Exchequer in England, with the data and the tremendous knowledge which his office is always ready to give him, consults the big mercantile interests, before he introduces a new measure of taxation, in order to find out its probable effect on industry. I think it most deplorable that this Government did not in the first place appoint a commission of enquiry before embarking on a measure of taxation, which, one of the leading financial experts connected with the Congress party—I refer, of course, to Mr. Ramalingam Chettiyar of the Upper House —has already stated in Calicut, will probably bring in an amount of fifteen crores of rupees. The present revenue of the whole Pro-

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vince to be got, if possible, out of trade and commerce and not a single atom of enquiry before this measure was introduced! Not even was there no enquiry, but the Bill was flung at our heads—I do not say, contemptuously, because the Hon. the Premier would be up again to protest against such an expression—but with complete disregard of all the interests who are going to be affected by this Bill. And, it was of course introduced with the usual haste to which we are accustomed, I am sorry to say, in connexion with such measures and to which my hon. Friend, Mr. Reid, made a reference yesterday in connexion with the Tobacco Bill—it was published on the 28th of February; it was introduced yesterday, the 31st of March; the committee is expected to report on the 23rd of April and it comes up in order to be passed into law on the 24th of April. This is a far-reaching measure which may produce apparently anything up to fifteen crores of rupees, and we are treated in this hasty manner and the trade and commerce of this Presidency are deliberately imperilled simply because the Government are in a hurry to get through what they have now discovered to be the most unpopular measure of taxation which has been ever introduced not only in this Presidency but probably in the whole of India itself.

"Now, with regard to the Bill, what are we given to work on? We are given a short Bill of sixteen clauses which conveys practically nothing to anybody except that it may be a most enormous measure of taxation or that, on the other hand, it may be a comparatively light one. There is practically nothing in the Bill itself, because apparently the most important matters which will affect the tax-payer are as usual to be lumped into the rules. Now in the first place I claim that the Bill itself is based on absolutely wrong premises. I am sorry that the Hon. the Premier has not yet seen his way to withdraw that particular remark in the Statement of Objects and Reasons regarding the practice of '*mahimai*,' viz., that it is an old and well-established custom among most businessmen in this country to put by for charitable purposes a sum of three pies in the rupee on each transaction in the form of '*mahimai*.' Well, I think that theory has already been sufficiently exploded and I could only wish that the Hon. the Premier had by some means or other withdrawn that particular statement. But on this statement he has based the following remark: 'It is therefore considered that the proposed tax will not be deemed a heavy imposition,' etc., etc. Well, we have already discovered I think in the course of our enquiries that this proposed tax of one pie in the rupee is going to be a most tremendously heavy imposition. So, what would three pies in the rupee be? It seems to me that if the tax is based on the theory that three pies in the rupee would not have been a heavy imposition then, when it is discovered that even one pie in the rupee will be an extremely heavy imposition, the whole Bill ought to have been withdrawn, a fresh Bill framed after due enquiry and submitted to us in some entirely different form. I maintain in effect that the Bill is based on a completely fundamental misconception of what is done in connexion with business.

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" Now, regarding our main objections to the Bill I do not propose to enlarge on the constitutional question. That, no doubt, will be thrashed out in due course in the Federal Court. So I shall not express my views as to the legality of the Bill itself and I have no doubt that it will afford very satisfactory work for the lawyers for a long time to come. I will not deal with that particular point. The main principle of the Bill is that it is not a sales tax as we originally expected when the Prime Minister made his Budget speech, but something very different, and that is a cumulative turnover tax. The cumulative turnover tax is condemned by practically all nations. It was definitely condemned by the Report of the Indian Taxation Enquiry Committee. I won't bother you with the quotation. But in connexion with its consideration of a sales tax it stated by implication that a cumulative turnover tax was a quite impossible tax to adopt in any country. It has also been condemned by all reputable economists. I do not necessarily say that that settles the question because I have my own views about economists in general. If you get six economists round a table you will get six different opinions. (Laughter.) We know how far economists have gone astray in connexion with every big economic question which has cropped up since the War. But nevertheless an economist has given his approval to this Bill though I am sure the Government did not ask for his opinion; any way, I have no doubt that they are very glad to have it—and that is the opinion given a few days ago by an economist in this Presidency, Prof. P. J. Thomas who has given a sort of blessing to this Bill. I noticed that at the end of his article in the *Hindu* he rather hesitated about it and seemed to think that it would require considerable amendment before it was passed and that otherwise it might be a dangerous form of taxation. But, to revert to this question of economists I am reminded of the old saying that if you want to roast an Irishman you can always find an Irishman ready to turn the spit. Similarly if you want to justify an economic fallacy you can usually find a convenient economist who is ready to give that particular fallacy his approval. (Laughter.) On this occasion I claim that the Government have found a convenient economist in Prof. P. J. Thomas. I hope I shall not be called upon in due course to justify or withdraw that remark. (Laughter.)

" As a matter of fact there was one particular reference in Prof. Thomas's remarks which was of distinct interest. I believe this Government are generally ready to accept the views of Professor Thomas on these questions. I know they were made use of in connexion with an earlier Bill a month ago. I notice that in the course of his remarks he estimated that the drinking population of this Presidency was just about five millions. And we can accept this economist of the Madras Presidency on that subject. Five million drinkers in this Presidency and we know what the revenue from drink is. It is four crores; in other words, forty millions. Now the new idea is that Prohibition is not so much a question of stopping drink as reducing heavy taxation on the

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poorest classes. That is the latest idea in connexion with Prohibition which has been enunciated and which has been brought up more than once to justify these changes in our fiscal system. Let us see what that means. That means that the poor man pays a tax of ten annas per head per month which, we are told, is so terribly over-burdening that it necessitates the upsetting of the whole trade and commerce of the Presidency in order to give him this relief of ten annas a month by this particular form of taxation.

" Now, regarding the rest of the Bill the Hon. the Premier has already received many memoranda in connexion with the details of this Bill, so that I need not go into the details too much even if you were to allow me, Sir, as in the introduction stage you would not. But, in the first place I would say that this Bill representing a cumulative turnover tax of a ½ per cent, as the Americans would say, simply does not begin to make sense. We cannot even if we are asked to formulate our objections to this Bill, because with the best will in the world we simply cannot make anything of a Bill which starts with a cumulative turnover tax of a ½ per cent and which does not provide for any sort of exemption. If you had at least exempted, say, the bullion merchant and the stock and share broker that would have been something. It would have shown the House and the country that it was not your intention to kill any particular business, because obviously a ½ per cent tax in connexion with a business of that nature must inevitably mean its ruin. They are essential links in connexion with trade and industry and these essential links would be, by a ½ per cent tax and no exemptions, simply and completely blotted out. Such other items as petrol, tobacco and one or two other articles which have recently felt the cane of the headmaster are to be left alone.

" But what about such other essential commodities which are already bearing heavy taxation? What about salt? There is no reference to salt. I thought that this was the particular protege of the Congress Government and we see nothing about any possible exemption of salt. Perhaps all these exemptions are intended to be put into the rules. In my opinion such exemptions must be formulated in an Act and not in the rules. The rules can be abrogated any moment and consequently people dealing with the articles will never know where they are. If you have cumulative turnover and no exemption then we can only oppose the Bill clause by clause, sentence by sentence and word by word. 4 p.

" Then I turn to the cumulative effect of this tax. I thought that this tax was to be a genuine sales tax which would touch only one particular point. Now it is a cumulative tax and is to be applied to the same article when it passes through two or three or four or five or ten hands. May I remind the Hon. the Premier of a well-known Chinese proverb to the effect that you cannot put two saddles on one horse? The Hon. Premier, in my opinion, if he passes this Bill as it stands at present, is not attempting to put two saddles on one horse, but he is going to put six or seven saddles on one horse, and when those are occupied, then we get a situation, which is very near to the forbidden proverb

of the Camel and the straw. This system has been tried in other countries and France in particular rejected it in 1937 and reverted to the one-point system and it is now likely that it may be done away altogether, because it has been found so unsatisfactory.

"Then comes the question of inter-State trading. I presume we are going to have federation. When you enter into the question of a Federal system, it seems to me that you have to be extremely careful in such a tax as this. Take the case of the two principal Federal countries in the world, the United States of America and the Commonwealth of Australia. In the case of the United States of America, the whole of inter-State trade in connexion with the sales tax is completely exempt. It applies to sales within the particular State and not from one State to another. In the case of Australia, the tax is a Federal tax and therefore the question of inter-State trading does not arise. I would also emphasise that these sales taxes are operating within strong tariff walls. As long as you have a strong protective tariff system and there is no possibility of one part of the country being able to contract out of the tax, then really it does not matter what tax you try to impose at all, provided there is nothing to export. Under those conditions, the tax would not be particularly harmful. But situated as we are the difficult question of inter-State trading is bound to arise. I would here briefly refer to the Report of the Indian Taxation Enquiry Committee. They say:—

'It seems to them to be a function inherent in the Imperial Government, as it is by their constitutions in the Federal Governments of Australia and the United States of America, to protect inter-provincial traffic from obstruction by taxes imposed by subordinate authorities, whether these are provincial or local, and they would invite attention to the fact that, on a similar situation arising in Germany, the Imperial Government there prevented the continuance of any such obstruction by legislation prohibiting the imposition of local taxation on certain classes of articles.'

"I then come to the question of exports. That is one of the most knotty problems which is bound to arise under the proposals of this Bill. Here again, in every country which adopts this tax in one form or another, exports are definitely and clearly exempted from any operation in connexion with the tax. It is, Sir, very emphatically so in France and so also in Canada. So far as I am aware it is so in every country in which the tax operates. In connexion with India I am not going to say much about it to-day, because my hon. Friend sitting in front of me, Mr. Ahmed Batcha, is going to address the House as it affects the most important export trade of this Province. But let me draw the attention of this House to the words of an expert on cotton a few days ago in the Imperial Assembly. Sir Bryce Burt, who is recognized as the greatest authority in connexion with agriculture and agricultural produce generally and a thoroughly practical man, said in connexion with the Indian cotton grower that he needed assistance at this juncture and needed it quickly. Apart from the immense production of American cotton, India had two new competitors. Articles made of fibres as substitutes to cotton have been increasing in Germany and Italy, with the result that the demand for raw cotton is gradually diminishing. That is

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what Sir Bryce Burt said in connexion with cotton only a day or two ago. It is known that every staple produce in connexion with exports has risen in its index price lately, except cotton which has fallen considerably. I venture to state that I am not exaggerating when I remark that ½ per cent cumulative turnover tax in connexion with Indian cotton will inevitably kill the Indian export trade, which is of the utmost importance to the Presidency in general and which affects the lives of many people who do not know that they are really affected by it. Well, the general effect of taxation in connexion with all such exports which have to be made to inter-national markets must inevitably be that the tax will be thrown back on the primary producer. Where does the advantage lie in this new orientation of fiscal measures? We are told the Government are going to help the agriculturist, whereas, as a matter of fact, the ryot is going to get less for his produce. I think it is estimated that there are about three and a half million ryots in this Presidency, who are paying less than Rs. 10 in land revenue, which includes rent as well as revenue. You are going to relieve them perhaps by Rs. 5 in connexion with land revenue and you are going to take all that and very much more than that in connexion with a Bill like this, which will inevitably come straight back on them.

"Then there is the question of the Native States. How it is proposed to regulate this tax so that the inhabitants of this Presidency shall not be sufferers in connexion with the West Coast trade, for example, I utterly fail to see. The staple industry of the West Coast is coir yarn, the cost of which represents a large proportion of labour. It is a very large trade and for generations past, the great bulk of the trade has been centred in British Cochin. If this tax is to take effect, it will inevitably mean that Alleppey which is in just as good a position to export yarn will take the place of Cochin and consequently, you will drive most of the trade into Travancore. Failing that, there is a convenient island in the centre of the harbour of Cochin, which is part of the State of Cochin. There is nothing to prevent this and many other businesses being transferred to that island and I can assure the House that there are two exceedingly clever men Sir Shanmugham Chetti, the Diwan of Cochin, and Mr. Bristow, the Administrator of the Harbour, who are out, and quite legitimately so, to bring as much trade to that quarter as they possibly can. Their intentions will be most clearly facilitated by the passing of this Bill. It will inevitably mean that a very large part of the trade that at present goes to British Cochin will go to Willingdon Island in Cochin State and you cannot blame those gentlemen for giving such transference every possible facility.

"Now, I am afraid, I have taken a very large portion of your time, and I have to refer only to one more question, namely, the question of assessment. I think I may be allowed to refer to clause 4 which proposes that the complicated assessment in connexion with this proposed measure of taxation is to be carried

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out by the Revenue authorities and generally by the Tahsildars. Now I may mention that if the Income-tax authorities find it difficult enough to sift through traders' books and decide what they have to pay, it is nothing compared to the skill that will be required to study the books and arrive at a proper figure of turnover. And yet this is to be left to the Revenue authorities, who are no doubt worthy people, but who have absolutely no training in work of that nature. It will be beyond the capacity of the Collectors themselves, let alone the Revenue Divisional Officer and still less the Tahsildars. It will be an entirely impossible position. But there again I think it is intended that much more is intended by this Bill than we have seen so far. Not only is it the desire of the Government to re-orientate the fiscal policy of this Presidency, but through legislation like this to provide for middle-class employment. Well, Sir, I apologize for the time I have taken. But this is the most important measure that has ever been brought before this House. As it stands now, I feel I have given sufficient reasons to show why at this stage we cannot possibly accept this Bill. We are prepared in due course, if the majority wishes us, to take part to the utmost in the deliberations of the committee and I can only hope that an almost completely new Bill will be provided within the proper ambit of the existing Bill which will deal with some of the objections which I have felt compelled to voice. As it stands at present, we cannot possibly accept this Bill."

M. AHMED BATCHA SAHIB BAHADUR:—" Mr. Speaker, after the most elaborate and at the same time critical speech of my hon. Friend, Mr. Langley, I feel I have not much ground to cover and, if I do so, I shall be repeating many of the arguments that he has advanced. But still, Sir, the question is so huge and so enormous that even at the risk of repetition, I should like to point out certain salient features as affecting the very fundamental principles of the economic well-being of the people of this country. Sir, in the first place, I have felt very much surprised how our Prime Minister has treated us like school children. (Laughter.) He has not used that expression, it is true. But, in trying to introduce this Bill he has used such arguments whereby we could see what all inconveniences might be caused to us if we-accept his advice in this simple matter. He has approached us in this way: A house has to be repaired and, in the repairing of it, one has to vacate it and live in the open for some time exposed to the sunshine and the climate and other inconveniences. Similarly, if this country has to face a taxation measure of this kind, it is an inconvenience that is going to be imposed upon us for a few months or years. And after all, what is it that is going to be the result? A new heaven is going to be evolved. With this consolation to our minds—a very poor consolation—we are asked to believe that this is going to be a most salubrious measure awaiting the approval of the House. I submit, Sir, we are not such simple people to be led into that argument; because we know that, in all these

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illustrations where houses are brought in and other things are brought in, we are likely to be lodged in excellent houses if we show willingness to be put to inconveniences; but the present is a question of life and death for us. It is a question of a section of the vast majority of the people being wiped out of existence altogether and not merely ruined. Therefore it stands on a quite different footing and I would in this connexion explain the importance of our trade. It is true that one section of the people has been taxed and another seetion of the people has not been taxed so far as our Province is concerned. But are we to consider each Province as a separate unit in the whole of India? Are we to consider that what one section of the people is contributing to the Central revenues is not to be taken into account as they are not people who are under the control of the benign Provincial Government? Sir, if we consider the very fact that the Central Government are contributing over 40 crores of rupees every year to the maintenance of peace and order in this country and that we are spending about 1 lakh of rupees every day on the Frontier in defending this country against the inroads of the Frontier people, we should certainly think twice before we make any suggestion that one large section of the people is not contributing anything towards the body politic of this country. The food growers have drawn the sympathy of the Government. No doubt the food growers have to draw the sympathy of every person, but at the same time the part that the traders and merchants are playing in maintaining peace and order in the country whereby even the food growers are enabled to till the soil and the Provincial Governments are enabled to carry on their Governments, must also be remembered. One of the supremest necessities is the guarding of the extensive coasts of India and the land frontier of the country and on this account money is being spent. It is all very comfortable for us to be sitting here and saying that one section of the populace is not bearing any share of the taxation and that another section is bearing all the burden. Sir, I cannot find any justification for the difference that is sought to be drawn inside this House or outside it between one class and another and much less for exaggerating it.

" Sir, it has been said in the course of this debate that middlemen have no business to exist. One responsible person who has been influencing the policy of the Government has said that even if there are 80 per cent middle-men, they should be wiped out of existence, they have simply no reason to be there. Is he after all competent to speak on a matter of this kind? Whether the various links that constitute business are to be there or not, is a question that has to be decided by the trade itself. If those links are superfluous, the trade would have eliminated them in due course, and as that is not the case, the trade has retained them. So, in the same strain, the other day the Hon. the Premier in introducing the Tobacco Bill told us that in regard to the hides and skin business, wherever you go there is a ring. He said: ' Is

the villager getting the price that he asks?' I do not know who gave him this information. If he were to go with me I would take him round the villages and show him that the villagers get the prices which they would never have got and which no business conditions would have justified in giving. There is ample reason for my saying that the villagers get more than the price that they would have got for the skin or hide, from any purchaser. There has been no combine or ring in regard to this trade and that, in fact, has been the bane of this trade. It has never been possible for this trade to form a ring or combine within itself. That is one of the greatest misfortunes that has been persistently following this trade and destroying the trade periodically once in five or ten years. The position is this: the reason why the original purchaser can never fix his own price is due to the fact that the large number of tanners are necessarily competitive purchasers. The number of tanners are numerous and out of proportion to the supply available in the country. On this account they have to break through and purchase and no ring or combine or syndicate has been formed in regard to this trade. With this wrong impression, the Hon. the Premier says that there is enormous margin of profit in this business, that the purchasers have formed a combine and are squeezing everything out of the villager who produces or offers the skin to the purchaser. He is miscalculating the whole thing and this will bring about ruin to the trade.

"The other day he pointed out to us that there was an inconsistency. And what was the inconsistency? A certain person came and told him that he cannot pass on the price to the primary producer. If I am an exporter and if I cannot get the price that I expect to get in a foreign country, the necessary consequence will be that I should cut down and reduce by degrees and by stages the price I pay to the primary producer. The Hon. the Premier said that one man came and told him that he cannot pass it on to the primary producer and at the same time, the same man told him that he cannot sell it to the purchaser outside. Sir, the position is this: both things are possible. The complicated nature of the trade is such that both things can co-exist. There is absolutely no inconsistency in it. If great men had spoken they would have said: 'Well, consistency is the logic of little minds'. There is no inconsistency in this matter. Sir, there is one stage at which the material can be said to be of the nature of a raw produce. From the point that the skin leaves the body of the animal to the point that it enters the tannery, it is to be treated as one material. It is at this stage of the trade there is extreme competition in purchasing on account of the extraordinarily large number of tanners that are existing in the Madras Presidency. But the moment the skin reaches a tannery and leaves it and reaches the final stage of sale in London, it has to meet competition of a different kind. The presence of a large number of tanners makes it impossible for them to make even a cut of ½ per cent or 1 per cent. Therefore they are bound

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in very many cases to their own destruction to purchase the skin at competitive prices. Therefore when it is impossible for a man to sell in London it reacts no doubt on the tanner and there it ends. It does not go further. He cannot ultimately pass it on to the primary producer. When it stops as I said with the tanner, what will it lead to? It will lead to the destruction of the industry. Therefore, if anybody has made a representation to the Hon. the Premier that it is possible for him to pass on the higher prices to the ultimate producer and if anybody has said that it is not possible, I say, Sir, both things can be true if the circumstances of each case are taken into consideration. A general principle of logic or a geometrical proposition cannot be discussed here as economic conditions differ under varying circumstances. Therefore when I come to this point, I would concentrate on the very important question of the export duties.

"In dealing with the exports, the very first point that has to be understood is that India is not to be treated along with the other countries of the world generally or with the countries which are industrially advanced. We are essentially an exporting country and we are exporters of raw materials. Our exports are much more than our imports and the favourable point is that we have always a favourable trade balance. The export trade as such brings in more money into the country whereas the import trade takes away large sums of money from our country. Simply because of the fact that we are producers of raw materials to a considerable extent, we hold a superior and a supreme position in the international trade of the world. India is no longer trading within the village limits or within the district limits or even within the provincial limits. She has passed all those stages. We have come 4.30 p.m.
to a day when we have passed off to the stage of international trade, and the exports of goods which might have had no value in those olden days have now assumed a value of very great importance. If you look into the history of skins and hides, which trade I am representing here, about 100 years ago, it will be seen that these were never considered of any value at all except the value attached for the goods made by the country chuckler who tanned and made goods in his usual old fashioned manner. Excepting the little quantity of skins and hides that were used by the chuckler for meeting the requirements of the villages, all the rest of the skins and hides was used as manure in the country. Later on, we found markets for skins and hides in foreign countries, when they assumed international proportions. It would be surprising for this House to learn of the extraordinary value which these skins and hides produced in the boom period of 1920–21. The tanned goat skin for every pound weight of it realized 21 shillings. That is the height to which this trade has been brought on account of the international relationship of this country and the new markets that have been opened for these commodities outside India. Now don't you consider that the whole prosperity that we enjoy to-day and the wealth that we have brought to this

country is due to the large export trade of these commodities, and the development of that trade in foreign markets? Therefore in examining this point, we have to come a little closer to this question and take up the position which the skins and hides trade occupies in our country.

" Taking India as a whole, our exports are only three in number, viz., jute for Calcutta, cotton for Bombay, and hides and skins for Madras; and in the value of export trade they occupy respectively the same places as I have said just now, viz., jute occupies the first place, cotton occupies the second place and hides and skins occupies the third place in India as a whole. But if we take the Provinces separately they stand on a different footing. So far as Madras Presidency is concerned, groundnuts occupy the first place and hides and skins occupy the second place in the export trade of the Madras Presidency. But there is another aspect of the question which has to be considered in connexion with the export trade. We will have to consider the industrialized products. If the value of export of mere raw material is taken into account, no doubt groundnut occupies the first place, and hides and skins take the second place. But if the industrial aspect of the product is taken into consideration, I should certainly say that the hides and skins industry occupies the first place, not only in the Madras Presidency, but also in the whole of India. Such is the importance of this trade. From the standpoint of industrialized product of skins and hides, Madras takes the first place in the whole of India. Then, Sir, from this point of view, we will have to consider what the importance of tanning industry is. We have got a separate department devoting its attention to this purpose. Because we have realized the importance of this industry to our country, a separate department is going into all the questions connected with this industry and so much attention has been paid to it. In spite of all these efforts, this industry is sought to be mulcted and a mill-stone is sought to be placed round the neck. Which other industry employs millions of labourers, the enormous labour specially of those classes of people for whom the Government are out to-day to do much good—I mean those classes of people who are called Adi-Dravidas or Harijans and I shall not fight for the name—and who are engaged in this trade for nearly quarter of a century? Comparing the existing industries in India, I should go so far as to claim that this is the most indigenous of all the industries that we have in this country. Everything is of the country's origin. The labour is entirely ours. We are not importing specialists from foreign countries to teach us as to what kind of tanning is the best. The entire labour is ours; the staff employed is ours; and every material employed is of Indian origin. So that, from the beginning and until it is ready as a finished product for being exported it is completely done out of Indian labour. Therefore I have got every right to say that, when compared with any other industry, it is the most indigenous of

all. Looked at from this point of view, it is the one industry which stands supreme in the whole of India and one which deserves our most careful attention.

" Coming to the volume of its turnover, may I point out that the total amount of exports from this country of tanned stuff and of untanned material comes to about 10 crores of rupees. Of the total quantity of tanned and untanned material that is exported from India, 90 per cent of tanned materials and 10 per cent alone of raw materials are exported from the Madras Presidency; whereas 90 per cent of raw material and 10 per cent only of tanned material are exported from the north. In spite of the fact that North India possesses a supremely advantageous position in collecting raw materials in such enormous quantities, it has not been able to build up this industry. In spite of the repeated endeavours made in this direction and in spite of the fact that many lakhs and crores of rupees have been spent in this direction in North India, they have not been able to build up this industry and finally it has not proved to be a success there. Madrasis were exported to the Province of Bengal and specialists were taken from here and in spite of all these, they have not succeeded in building up that industry. We have established it and we have worked it up not only to the satisfaction of ours, but to the satisfaction of the entire world. Apart from this, and leaving aside that portion of the amount which comes to us as a result of export trade, just imagine what could be the value of trade arising out of internal consumption of the articles manufactured out of skins and hides in this Province. Even putting it at a low estimate, I would say that it comes to about 3 crores of rupees. I am not taking into account the extra value that accrues to us as a result of tanning done here or the value of materials produced by the country chuckler in the old-fashioned and primitive methods. Taking all these things into consideration, if a taxation of the kind contemplated by the Government just now is going to be imposed, is it not reasonable that this industry should have found a place in the exemption list of such articles as petroleum, salt and tobacco? Of course, in imposing this taxation, our pandits who have explored this question say that it has been followed in twenty countries of the world. Are there only twenty countries in the world? There are at least, I suppose, eighty countries in the world, though we cannot with certainty say, under the existing political conditions of the world, that that figure is quite accurate. If twenty countries have adopted this form of taxation, it is the very reason why we should not adopt this. I suppose out of those twenty countries, in eighteen of them this industry has been exempted from taxation. Now when it comes to a question of applying that exemption to our case, the whole thing is screened. It should not be said that this privilege of doing the skins and hides business is in the hands of a particular section of the people and that I belong to that community and therefore I oppose this measure. That is not the view point that should

be taken while considering this proposal. There is a tendency among people to characterize my viewing of this question in that manner. I have never touched this aspect at any time anywhere, I look at this question purely from a national point of view. (Hear, hear.) I request the Hon. Premier not to think that I am considering this question in a communal manner. One particular industry might be centralized in a particular community at a particular time. That is not the reason why it should be given a communal colour. It should be looked at purely from a national point of view.

"Now, taking this industry, what is the position? If you look at it, you will find that in the various stages of this industry, from the stage of primary production to the stage of final consumption, there are various men employed. I say such a link in the chain is necessary. They are not parasites. They have come not to hang on the trade. They are not sucking our blood. If it were so, we would not have allowed them. All these intermediaries are necessary for the building up of that trade. All these men have been in existence for over a century. Now at the very first stage, the primary producer, unhindered and unfettered by any clique, gets the best price for his produce. Then it passes on to the wholesale dealer. Then he passes it on to the skin merchant. That is the second stage. I am eliminating many more items. Then the tanner tans the skins and passes it on to the commission agent at Madras. That is the third stage. The commission agent in Madras passes it on to the shipper in Madras. The shipper in Madras passes it on to the importer in London and he passes it on to the auctioneer. The auctioneer in London places it in public auction where purchasers from France, America, Germany, Belgium and from all the other countries of the world collect together and after inspection of the article pay their price and purchase it. It is there that the final sale is struck. There are at least five or six stages to pass through. In addition to this, let us consider what are the subsidiary industries connected with tanning?"

MR. SPEAKER:—"I do not think the hon. Member can go into such details as the subsidiary industries and so on at this stage."

* M. AHMED BATCHA SAHIB BAHADUR:—"I would like the House to know all these things so that it may take the view that I am taking. These questions are not going to be considered in the Select Committee but in the House."

MR. SPEAKER:—"This is a motion to refer the Bill to a Select Committee and at this stage the principles of the Bill can be discussed. If the hon. Member goes into details . . ."

* M. AHMED BATCHA SAHIB BAHADUR:—"I do it for this reason, Sir. I want to show that if at all there is any commodity which is to be thought of for exemption it is this commodity."

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MR. SPEAKER:—" Quite right, but the hon. Member, I hope, will not go into very great details."

* M. AHMED BATCHA SAHIB BAHADUR:—" Of course, I have got an opportunity of going into very great details later on. I am only outlining the details. I am doing it though I know full well that this is a *fait accompli*. What is it I am doing here? After all my cry is going to be a cry in the wilderness. I am only performing a ceremony here."

MR. SPEAKER:—" The hon. Member need not feel that it is a ceremony that he is performing here. It is a right of speech that he is exercising and he must address himself to the principles of the Bill. The details will have to be discussed later on when the Bill as amended by the Select Committee is placed before the House."

* M. AHMED BATCHA SAHIB BAHADUR:—" I am speaking at great disadvantage, Sir."

MR. SPEAKER:—" There is no disadvantage at all."

* M. AHMED BATCHA SAHIB BAHADUR:—" I know the whole House is against me."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" No, not the whole House."

MR. SPEAKER:—" The hon. Member may feel quite safe. He is well protected. He may address himself to the principles of the Bill."

M. AHMED BATCHA SAHIB BAHADUR:—" I will take courage from you, Sir. (Laughter.) I am reminded of a saying of an Urdu poet Amir, the meaning of which is this: 'Victory or defeat is according to your fate. The weak heart however has defended itself well.' Therefore, Sir, I propose to say a few words about the subsidiary industries. Now, Sir, what are the subsidiary industries that are going to be affected? They are the lime industry, the bark industry, the oil industry and the myrobalan industry. These are four important industries belonging to the department of Forests and Agriculture. Is the Hon. Minister going to place us in a state of affairs in which even these industries will have to pay a turnover tax? If so, they will have to pay the tax three times over. They will naturally increase the price of the materials they supply to the tanner for tanning purposes. In addition to the increased prices which the tanner has to pay for his materials, he will also have to pay the tax on his commodity. Sir, what is the essential thing necessary for the development of an industry? It is that the necessary raw materials should be made available to it as cheaply as

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possible. Therefore if the fiscal policy of any Government tends to make the prices of raw materials increase, such a policy should be deprecated. It will kill the industry and squeeze it out of existence. Sir, in trying to tax ourselves and benefit the poorer classes, are we after all to be reduced to ruination? That is the question which the trader is legitimately entitled to ask. Would not this policy bring destruction upon him? I will not be going into very great details, but certainly, Sir, in principle, I should say that this is a most dangerous taxation that should ever have been thought of. Apart from this, this is an industry which has wide ramifications all over India and this tax will have its repercussions everywhere. So far as the Madras Presidency is concerned, there is no Province in India from which raw material is not obtained by this industry. If there was any part of India even beyond the Himalayas to which the Indian tanner in Madras could have access, he would not have left that unexplored. He has gone to every nook and corner of the country from the Himalayas down to the south, even to Ceylon. Even Burma has been brought under the scope of his investigations and therefore he has been drawing his raw materials even from very far. This trade has been built up by very great and strenuous efforts. In spite of the fact that the raw material is available in many other parts of the country, they have not been able to build up this trade. But we have been able to build up this trade and it is a great credit to the Province.

"Sir, inter-provincial difficulties are bound to arise in a measure of this kind. I may say that about 50 per cent of the tanning industry is concentrated in the Indian States in the south such as the Nizam's Dominions and Mysore. I know of the conditions in these States. They are giving very great encouragement to this industry. In spite of the fact that they know that the products of their industry are bought ultimately by traders in British India and sold by them and that the traders and manufacturers here get a large benefit, these States give these industries such great encouragement. Could it be said that it is a great credit to the administration of our Province if this tax is levied and an additional burden thrown on the industry with the result that it will be forced to concentrate itself in these States? It will be the ultimate ruination of this industry which I should certainly think is the pride of our Province."

BASHEER AHMED SAYEED SAHIB BAHADUR:—"Mr. Speaker, I do not want to take up much of the time of the House as hon. Members who have preceded me have covered a good portion of the various grounds on which this Bill could be attacked. I would therefore confine myself only to two aspects of the question. In the first place, I am sure the Hon. the Mover of the Bill will

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concede that the sales tax is an emergency measure. If it is conceded, then the burden shifts to his shoulders and he will have to show what the emergency is in our Province which will justify the levy of a sales tax at present. In the Statement of Objects and Reasons attached to the Bill you will find that the principles of the Bill are set forth and then the following passage occurs:

'It is therefore considered that the proposed tax will not be deemed a heavy imposition, especially seeing that there is need for finding fresh sources of revenue to meet the increasing demands made on Government.'

"That is the only general statement that is made to justify the imposition of this tax. This Bill has been brought up so soon after the various Demands for Grants of the Government have been voted by the House. These Demands have shown that there is a deficiency of only seventeen lakhs of rupees. The question is whether this Bill is introduced with a view to make up that deficiency, or with a view to find more and more money for which for the time being at any rate, for the ensuing year 1939–40, there is no immediate demand. If there is an immediate demand for such a huge sum—one of the hon. Members of the Second Chamber is reported to have estimated the income at Rs. 15 crores—is there any programme for the expenditure of the fifteen crores? Are there any definite estimates?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"May I request hon. Members through you, Sir, that much stress need not be laid on the conjectural estimates of gentlemen who are not Members of this House?"

BASHEER AHMED SAYEED SAHIB BAHADUR:—"Then there is another deplorable defect in this measure. The Hon. the Premier has not told us what exactly the estimate of revenue is, whether it is going to be 5 lakhs or 50 lakhs or 5 crores. In the absence of any such statement from him, statements of important members of his party have to be relied on if there is any worth in them. The question again turns on this point. Is there an immediate need for the imposition of this tax in the year 1939–40? We have already imposed taxes on motor spirit, on the sale of cloth, and on electricity. We have referred to a Select Committee the Bill for the taxation of tobacco. Ther there is the tax on the entertainments of the poor children of the poor labourer who owns no property and who has no income Even on such entertainments we have imposed a tax. Having imposed five different taxes, is there a real emergency for a further tax of this kind? I submit in all humility that no case has been made out for the immediate imposition of this tax. The Hon. the Premier could have waited and seen what happens to some of the other measures which he has indicated in his Budget speech. He said that he was economizing to a great extent on the expenditure on the services and that he was effecting definite retrenchments by

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means of a cut in salaries. He has indicated that he has applied to the Secretary of State for permission to impose a salary cut even on those Government officers who are not under the rule-making powers of the Provincial Government.

[At this stage the Deputy Speaker (Mrs. Rukmini Lakshmipathi) occupied the Chair.]

"Madam, from all these measures the Hon. the Premier expects a large income. Why should he not have waited until the measures he has taken to effect economy materialize so that he could see what exactly their result would be? If, after he has done that, he finds that there is necessity for tapping further sources of revenue, then he may come forward with further measures for augmenting his revenue. I do not want that I should be considered to oppose the Government. The income should no doubt be augmented, but my opposition to the present Bill is because of the speed, the hurry and the haste with which it is sought to be introduced. The whole country is agitated over this and nobody knows how exactly the community of consumers would be affected by this measure. The Hon. the Premier stated that he was not able to collect sufficient facts and figures to find out how exactly similar measures work in other countries. No material is available even from those countries where the tax existed for years and years. In the absence of definite information on all these points, I ask, Sir, whether it is advisable, whether it is necessary or desirable, that we should go forward with this measure.

p.m. "Madam, I want to ask one question definitely of the Hon. the Premier, and that is by way of information. The Hon. the Premier pointed out in his original Budget speech that there would be a moderate cut on salaries. Subsequently, in answer to a question, he said that 5 per cent was contemplated. Now, would he tell us at what stage the proposal stands? Has he been able to progress any further? Has he been able to estimate what the amount will be that will be realized from that salary cut? Has he taken any steps in the matter? Would he give us an assurance as to what would happen to the proposed cut in the salaries of Government servants? It is necessary to find out all this, before he can really rush on with this measure of taxation. He said he would economize in general in many spheres, such as contingencies, etc., and we were given to understand that there would be a crore of rupees saved through real economies. If these things are really going to materialize, where is the need, where is the urgency, for a measure of this kind? Cannot we wait? Cannot we tarry? There is enough scope for tarrying and moving cautiously; and caution always pays. It does not lead us into any danger or risk.

"Madam, the reply may be given that there are insistent demands for the reduction of the land revenue-tax. Certainly,

I am for giving relief to the real owners of estates—it is a very laudable idea to give them relief. The real owners of estates who are now burdened with tax, whose lands do not yield anything—I mean the rural population and the farmers—they do require relief. But has it been stated anywhere that this large sum, which is sought to be realized by means of this levy, is going to be used for the relief entirely of the rural population, the agriculturists? We have not been told that the amount to be realized in this way will be utilized for that purpose. If it is going to the relief of real owners of estates, certainly the others who are called upon to pay this tax may not grudge it. But there is no such scheme. In fact, the absence of any definite scheme or programme makes every one nervous and feel dissatisfied with this measure.

"Madam, I am quite aware that having introduced Prohibition, the Government are bound to make up the loss of revenue to the extent of Rs. 5 crores. I stand by the policy of Prohibition; let it go forward. But does the policy of Prohibition which has cost us up till now some Rs. 50 lakhs, necessitate our going in for Rs. 5 crores now? Is the position to-day justifiable enough to impose a fresh burden on the general tax-payer? I submit that even if we have to make up Rs. 5 crores ultimately, that amount will be spread over five or ten years only. It is not the programme of the Government of the day that Prohibition should be enforced here and now; nor is it promised that once this amount is realized by this tax, Prohibition will be enforced throughout the Province next year. We are not given any such assurance; and in the absence of such an assurance, I submit there is no need for a measure of this kind.

"There is no doubt, Madam, that by the imposition of this tax, the entire trade of the Province will become contracted. It may be that there may not be any decrease in the supply of goods; but all the same, it has to be remembered that one inevitable result of this levy will be that it will not increase the money available for the purchase of goods by the general consumer. While it may not decrease the supply of goods, it is not bound to, and it will not, positively increase the money that is available, for the purchase of goods to the consumer. What will be the result? There will be adverse effect on the rent of lands which are utilized for producing the goods; there will be adverse effect on the interest that is paid on the capital that is borrowed; there will be adverse effect on the wages payable to the labourer, and so on. So, a tax of this kind will inevitably decrease the purchasing power of the people by decreasing the rental value of the land, the wages to be paid and the capital and the interest thereon. In the result, it will not end in any large benefit to the general consumer.

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" *Madam, the greatest objection to a measure of this type is that unless we feel there are most* extraordinary circumstances—I lay emphasis on the words ' most extraordinary circumstances '—there is no justification for imposing a general sales tax. Such a tax, in any event, should never be made a very significant part of the general revenue system of any country. If it is made a significant part of the revenue system of any country once, it will be always very difficult to go back on that system. When once the community becomes accustomed to such a tax, it may not be possible to remove or abolish the tax. So, there is great risk. Even though it may be an emergency or war measure, when once it is imposed, when once the community becomes accustomed to it, the tax could not be abolished.

" Then again, Madam, there is the further risk that the share taken by the Government from out of the sales tax is irrespective of any loss, not profit alone; it is on the general turnover. irrespective of the consequences to the trader or the consumer. From the point of view of the trader, the immediate result will be that it will reduce the amount available to him for payment of interest on the capital and payment of rent for the lands used for producing the articles. When the necessary money is not available for these purposes, naturally, dire consequences will follow. The Government should be able to realize what the consequences will be. The demand for labour will decline; unemployment will flourish; and there will be unhealthy competition which will end in lowering the wages all over and also the standard of living everywhere. There will be thorough unemployment, because employers will not be willing to pay much, since they have to part with a substantial sum towards this tax—even though it may be only half per cent, the amount will be substantial. Again, there will be great competition amongst labourers which will tend to a lowering of wages, with the result that there will be terrible unemployment. Have all these consequences been examined? In the Bill, it is not stated how exactly all these consequences are to be met.

" I do not contend that at no time should a tax of this kind be levied; I only submit that this tax is far from an ideal tax. Obviously, no one can claim that this is an ideal tax, and particularly when within the course of a month or two we have had to bring into force different types of taxes on three or four different commodities, and most of those commodities are necessaries. This Bill does not make any difference between necessities and luxuries. Power is taken by the Government to prescribe, by notification in the Gazette, what shall be taxed and what shall not be taxed. That is most objectionable. When you come forward with a Bill before the House and you want it to sanction the levy of a tax, you do not mention what exactly will be the commodities on which that

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tax is to be imposed. It is generally necessary in cases like this that power should be taken from the House in the Bill itself—and not by rule-making powers generally—that you will exempt such and such commodities from the tax and include such and such commodities in the tax. There must be a definite clause like that; that clause should be subject to discussion in this House and to the vote of the House. But what you proposed is: under the definition of 'goods,' you say ' " goods " includes all materials, commodities and articles, other than those excluded from the scope of this Act by a notification, etc.' Why notification? If you had included a separate provision for this purpose, perhaps the sixteen clauses Bill would be a seventeen, eighteen or even twenty clauses Bill. Instead of making it a complete and perfect Bill in itself, you simply take power to levy tax on whatever commodities you please. This is not the ordinary or normal procedure; and unless you prove that we are living in abnormal times, the representatives of the people in the House should be expected to tell the Government which commodity they would allow to be taxed and which not. I do not think there is any justification for the Executive Government to say 'we shall see that these commodities are included and others are excluded.'

" Again, Madam, what is the procedure by which this tax is to be levied? How exactly are you going to collect it? What is the machinery? All these particulars are wanting. The Bill has been drawn up in a most haphazard and slipshod fashion, if I may say so. It would have been just and more desirable if the Bill had been a little more elaborate for the sake of the House and for the sake of the people at large.

" Again, the question remains to be answered as to whether this is the only way in which new revenue could be raised? Has the Hon. the Premier stated that the general sales tax on the turnover basis is the only means by which the revenue needed for the purpose of social amelioration and giving extra facilities to the general tax-payer can be raised? No such case having been made out, unless the Government are driven to the end of the tether, I do not think there is any justification for levying a tax of this kind.

" The point has also got to be considered whether, as has been succinctly and convincingly pointed out in the various memoranda presented to the Hon. the Premier, where the margin of return for the trader is narrow, it is possible for the manufacturers, the sellers and the vendors, to pay any considerable tax on the output of sale. Is it possible? Will it be just? If a 5·
man has a turnover of 20 lakhs and he loses 3 lakhs in his busi- P
ness—income-tax is not levied on him because he makes no profit in his business—and if Government want to levy a tax on the turnover even, if it be at the rate of half a per cent, is that just or fair, or is that in the interests of the expansion of business?

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Will it not affect all those connected with that trade and in that business? These are points which have to be considered. It is but fair that a Select Committee should go into the whole question and I am certain that the Bill is going to be referred to a Select Committee at any cost. If the Select Committee is authorized, as the hon. Member for the Madras City Muslims wanted, to go into a detailed examination of the pros and cons, examine everything connected with the matter, take evidence and go into the history of the tax in other countries, the actual working of it in those countries where it is levied, and the grounds on which it could not be imposed in other countries though they attempted several times to impose it, I think it will be desirable and good results will follow from such a procedure. I do not think that any harm will be done to the measure by taking recourse to that procedure which was sought by the amendment of my hon. Friend, Mr. Hameed Khan.

" Madam, the Government are ultimately in need of large funds and the idea is that those who want amenities and conveniences must pay for them. That is the general principle that is always agreed to and easily conceded. But, have you examined the conditions of those who are called upon to pay and the condition of the rate-payers on whom this further burden is to be cast? That is a vital aspect. If you have not done so, then what is your justification for coming forward with such a measure? There are no doubt nation-building activities which require large resources, but those resources can no doubt be found by other means. But, can you at this moment state, especially when we are all of us in a nebulous state, what exactly would happen to the trade, the consumer, the middleman and the large purchaser? We are not certain what will happen to these persons. Such being the case, is it fair and necessary that we should go forward with this Bill in such a haste?

" Madam, the other day I had occasion to test this measure in my own constituency. I showed my inclination, my personal inclination in favour of the Bill. What did I find in my own constituency? There was an alarm of protest against it, so much so, I feel that the mandate to me from my constituency would be, that this Bill should be opposed, unless it is going to be modified in very many material respects. It may be said, that I am only assuming, but I think I have a right to claim that I know my own constituency much better than any other person can claim to know. Madam, have we not to consider why this tax has failed in many other countries where it was sought to be imposed; have we not also to take into account the difficulties, the intricacies and the complications which might arise as a result of this? You will have also to take into account the question of collection and evasion of revenue and the difficulties that would be felt by single-process manufacturer and also the method by which the

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double and treble process manufacturer will escape by payment of a smaller sum as compared to the others. Are not these things to be taken into consideration before the measure is passed into law? I therefore, submit, Madam, there is every justification for waiting until we know the results of the various other economy measures that have already been ushered in by the Government until we know the effect of the other revenue-producing devices that have been recently introduced. If Government had waited for one or two years and found that they wanted money because they were not able to balance their budget, then certainly there would be justification and this House may be reasonably expected to consider the measure in the manner in which it is being done; but at this moment I am convinced there is no need or justification, nor has any case been made out, for a Bill of this kind."

Sri Diwan Bahadur A. Appadurai Pillai rose.

THE DEPUTY SPEAKER:—" I request the hon. Member to be brief."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI:—" Thank you, Madam, for the caution that has been administered only to me in particular; all the previous speakers have had the privilege of taking their own time."

THE HON. SRI C. RAJAGOPALACHARIAR:—" We suffer for our predecessors."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI:—" Madam, there are one or two premises, urged in connexion with this measure that I would like to deal with first before I go into the merits of the Bill. This measure has evoked considerable hostile criticism, which has not been the case with any other measure that was brought before this House or the previous House. In recent times, I should say, there has been no measure which has created so much of stir or has been received with so much disfavour in the country as this one. It therefore behoves the House to carefully consider all the aspects of the Bill before approving it.

" Madam, it is urged that once we conceded the necessity for Prohibition, it follows as a matter of course that there should be this taxation. This seems to be a fallacy. It does not necessarily follow that because we accepted Prohibition, because we consented that Prohibition ought to be introduced in our Province, sales tax should be introduced at any cost or it should be introduced at the point of unhinging the whole financial structure of the Province.

" Madam, another argument that may be advanced is that the Government of India Act has not given us any option but to introduce this taxation on goods. It is not the case. Schedule VII appended to the Government of India Act, merely indicates

the directions in which additional taxation could be imposed by Provincial Governments under the autonomous powers vested in them; and one of the items included in it is item No. 48 relating to the tax on the sale of goods and advertisements. Sale of goods no doubt has been included, but it has to be very carefully considered at what stage the goods could be taxed. The present Bill aims at taxing the sale of all goods at all stages. So, it is an indirect taxation with cumulative effect. As the goods change hands, they receive momentum because at every stage ½ per cent will be levied, so that when particular articles reach the hands of the consumer, they receive considerable addition in the shape of taxation. Such indirect taxation with cumulative effect has been condemned all over the world.

" Madam, it will be remembered that this sales tax was for the first time introduced in Germany in 1916 as a result of the conditions brought about by the World War. In 1918 it took a definite shape and the tax was made permanent. From 1919 to 1933, a number of other countries followed suit, for instance France, Hungary and others, but they took care to see that several of the items that are considered to be necessaries of life are scrupulously excluded from the scope of the tax. For instance, in the United States of America, necessaries of life like milk, meat, vegetables and food-stuffs are, I understand, outside the scope of this taxation. By bringing in all commodities without any discrimination whatsoever, as contemplated in the Bill, a great deal of harm will be done to the ultimate purchaser, that is the consumer. It will hit very hard on a portion of the population, to which it is the anxiety of all Governments and this Government in particular, to afford relief. I would explain my position in this way, Madam. We have a labouring population of about 130 lakhs out of a total population of 470 lakhs in the Presidency, that is, nearly a third of the population of this Presidency consists of labouring classes and wage-earners. The main budget of this labouring people or 90 per cent of it, consists of food-stuffs; that is a point which cannot be controverted. So, if 90 per cent of the budget of the 130 lakhs of people which consists of food-stuffs are to be taxed in order to give relief to 11 per cent of these labouring classes who are addicted to drink, does it not seem questionable that the measure goes beyond what it is intended for?

" There is another premise, Madam, that has crept into the Objects and Reasons which also deserves notice and that is the question of '*mahimai*' which has been dealt with at length by my hon. Friend, Mr. Langley. It is stated here that because the merchant or trader puts by three pies on every transaction as '*mahimai*' which he voluntarily contributes for charitable purposes, an additional payment of one-third of it, cannot be considered too much. I may state, Madam, that this so-called

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'*mahimai*' which the merchants or traders set aside for purposes of charity, does not come out of the pockets of the traders. But, it is collected then and there from the purchaser. That is the point I would like to bring to the notice of the hon. the Mover of the Bill. There are certain other exactions of the same nature, the *tharagu*, for instance, which goes to the measurer of paddy or rice for his services and that being his wage is collected from the customer. There is also the another kind of collection known as *ravais* in some places in Madras. All these are collected from the purchaser or the consumer that has ultimately has to bear the burden. If a large portion of the population that consists of labourers have to shoulder this burden, certainly, it is a matter that requires very serious consideration. 5-30 p.

"The tax is proposed to be levied on the purchaser, the wholesaler and the retailer. It is difficult to tax the wholesaler for the simple reason that it is not possible for him to shift the burden on to the purchaser at the other end. I have already shown that the ryot population would be hit, and hit very badly, by this burden being shifted to their shoulders eventually. Retailers will in course of time as the articles change hands, find themselves in the happy position of transferring this burden to the purchaser. Therefore it is, Madam, that a general tax of this nature on account of its pernicious results, has been universally condemned by economists of reputation and standing. With your kind permission, Madam, I would refer to the remarks made by that eminent economist, Dr. Seligman. He has stated in connexion with the sales tax:

> 'The general sales tax is a discredited remnant of an outworn system, it is essentially undemocratic in its nature and it would if enacted, exaggerate rather than attenuate the present inequality of wealth and income.'

Lord Stamp, coming after him, said:—

> 'It is only justified in emergencies and I consider that its regressive features should be counter balanced by direct taxes wherever possible.'

I am prepared to range these opinions, Madam, against those of Professor Thomas who has readily given it as his opinion that this tax was justified, and he has even gone a step further and said that similar measures of taxation would not be too heavy subject to the condition that the proceeds are properly spent. I decline to accept the *obiter dictum* of the learned Professor, ranging as I do the opinions of such famous economists which are to the contrary.

"It was on a consideration of these difficulties, Madam, that Great Britain, after very detailed consideration by the Colwyn Committee, decided once for all not to have anything to do with it and the Committee considered that it would be a better course to adopt the direct method of taxing through the income-tax. It behoves the Government, therefore, to go into the whole matter

and avoid hasty legislation which would have very serious consequences on the trade and industry of this country. The Government are doing their best to encourage indigenous industries, and to place the industries of this Province on a satisfactory basis so that the raw products available in this country may be turned to good account. When such attempts are made on one side, the stultification of such attempts by introducing measures of this nature ought to be discouraged as much as possible.

"What about the adequacy of the tax? Several hon. Members have spoken previously on the adequacy of the tax. By the lowest computation, the sales tax, I think, is expected to yield three crores of rupees. But the Budget deficit, according to the figures submitted to us, is only seventeen lakhs. What justification is there, Madam, for undertaking a taxation measure of this nature?

"The general tax that is to be imposed according to the Bill is leviable at each stage the particular commodity passes through in its flow down to the consumer. Economists and industrialists who are competent to give their opinion on such questions have stated that this Bill, if it becomes law, would lead to integration of industries and change in the methods of business. It will lead to the extension of selling by consignment with a view to avoid numerous transactions. In order to avoid a series of transactions, the producers will do their very best to limit the number of transactions as much as possible so that the number of times the tax may be levied may be lessened and that, I submit, would lead to very serious consequences on the trade conditions of this country. Single process small manufacturers will be at a considerable disadvantage because they would not be in a position to minimize or curtail the number of processes the commodity passes through. Therefore, Madam, without taking much longer time, I would only make one suggestion and that is that this Bill should undergo a thorough modification in order to satisfy all the demands that have been made both on the floor of the House and outside. The appointment of a Committee to take evidence will be the best possible method of approaching this question. The problem demands an exhaustive enquiry. An exhaustive enquiry is called for before we launch out this scheme of taxation and the people who are expected to shoulder this burden should be satisfied that there has been an exhaustive enquiry and the Bill is broad-based on the principle of tapping not merely the purchasers and agriculturists but also other sources which could with advantage be tapped."

Sri N. S. VARADACHARI:—"Madam, I must at the outset state that any statements we make in this discussion must be made very carefully. (Abdul Hameed Khan Sahib Bahadur: 'Hear, hear.') This tax is being applied for the first time in this Presidency and so all arguments whether in favour

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of the taxation or by way of opposition to the tax are more or less on a theoretical plane and not backed by experience though the experience of other countries where this tax existed for a long time is available and such experience may be useful. I also know that the Hon. the Leader of the House has stated that it would not be quite right to dogmatize about such experience.

" I also remember the words of the hon. Member representing the Indian Chamber of Commerce who said that pseudo-economists are theorizing rather too much though they know precious little of business themselves. I may tell him that there is much difference between a tradesman and an economist. In fact there is as much difference between the two as there is for instance between the goldsmith who works on gold and the seller of gold. The interests, the traditions, and the predilections of the businessman have not much in common with those of the economist. If the hon. Member remembers this and if the hon. Member will agree with me, he will grant that there is much that even economists can contribute to this debate and draw inferences which business may find it difficult to accept just at present.

" What is the nature of this tax? It is a tax on all transactions and at all ends. As Mr. Langley rightly reminded us, it is a tax both at the retail end and at the wholesale end. It is a tax on the wholesale end, on the retail end, on the wholesale-retail end and the retail-wholesale end. The hon. Member by an interruption drew the attention of the House to the peculiar distribution of business in this country. It is very much unlike the business arrangements in western countries. Business too has been mechanized there. The wholesale dealer is separate and the retail dealer is separate and hence it may be possible to tax in France, in Germany, in Italy or in the Netherlands, at a particular end; but it is not possible to do so in a country where there is no particular end, where business of all kinds is transacted in the same house, where the retailer is the wholesaler and the wholesaler is the retailer, as we can see if we visit Bunder street or Godown street in the City. I need not take the hon. Member to far-off Cochin for that purpose. Manufacturers may be dealers also and the wholesaler may be the exporter also and so on.

(At this stage Mr. Speaker resumed the Chair.)

" All this happens in this country. The tax that is levied is 5
subject to notable exceptions; commodities can be exempted and P
business below a particular turnover is not taxed. The power of exemption is taken; but it does not mean that all commodities will be taken away from the purview of the tax and the tax will be reduced to next to nothing. Commodities which are subject to special taxation by special laws will not be touched. This is the taxation proposed and nothing more.

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" But, Sir, rightly enough, fears have been expressed about this tax in more directions than one. But the main objection centred round two principal questions. The first point was that the tax may not be passed on to the consumers, but may have to be borne by the business itself. There is some truth in this argument. It is the duty of every member in this House so to arrange the incidence of taxation that it may not constitute a burden on business but can be easily passed on to the consumer. It is in the interests of business itself that this tax should be passed on to the consumer without becoming a burden on business. Many considerations determine this. The very first is the rate of taxation. I would advise business to be wary in this matter: for only such rates of taxation as can be passed on to the consumer can be passed on to him. Let me illustrate what I mean. My friend, Mr. Krishnamachari, knows well how the groceries trade is carried on. For instance, he is dealing in Sunlight soap; he is selling, say, at Rs. 24 a case to the merchants of the Bunder street. The retail dealer will try to sell the case generally at Rs. 24 plus something; and if that is not possible at Rs. 24; or sometimes he will sell it at Rs. 23–14–0 in expectation of a bonus which Mr. Krishnamachariar holds out for them. So if the rate of taxation is very low, it is obvious that the tax will be absorbed by the business itself and not passed on to the consumer and consequently the business will suffer. But if the rate is fixed at a reasonable level, the tendency for the business will be to pass on the tax to the consumer to be borne by the latter. Let me take another trade. Suppose I am to purchase a bag of rice to-morrow for the next month's consumption. It is better so to arrange the tax as to raise the price per bag by eight pies or one anna instead of by one pie, or even half a pie; for by fixing the tax very low, you make it impossible for retailers or wholesale dealers to pass that tax on to the consumer, and thus you make it a burden on the trader himself. Sir, in this world of competitive economy members need not be afraid of some business being ousted by other business, on account of a rise in prices. If the tax levied is low, business may not be quite safe.

" There is still another circumstance. If profits are high the tendency will be for business to absorb the tax, in which case there is not much point in the opposition; but if the profits are low and if you fix the tax at an unreasonably low level, the tendency will be for the business to bear the burden itself; and business will suffer, not being able to transfer the tax to the consumer. I am glad to be able to tell hon. Members that you will not find the consumer grudging to pay this small charge, so to say, which will be added to the price of the commodity.

" Then, Sir, the next important objection which was urged by almost all members who spoke on the other side is that this

tax would contribute towards integration and consequent unemployment. Sir, phrases are often used without their being analysed and applied to business as such. Let us examine the case a little more closely, this integration which is apprehended. An hon. Member on the other side put an attractive illustration from the cotton trade. But he did not do full justice to the illustration he gave. He should remember that even to-day there are certain cotton mills which do not have their own gins and there are some which have their own gins. All the same they purchase their cotton through commission agents or through wholesale dealers. And then in cotton, there are several grades, which are suitable to some particular mills and not suitable to some other mills. The karunganni and cambodia cotton of South India may not suffer in all cases, as there is no chance of their being supplanted by the inferior cotton of the Deccan or other places. I shall not dilate on this except to say to the hon. Member who spoke of integration that difficulties will arise only in particular trades under particular circumstances and even then the present economy which governs all business transactions in this country still gives room enough for big business and small business to thrive side by side. The big mill has many disadvantages and the small mill too has many advantages. The big mill has more establishment to pay, more leakages to look after, more supervision work to carry on, more purchases to make and more credit to command and more insurance to arrange and so on. As against this the small mill has many advantages which I need not go into. All this I plead only to show that it is not always right to predict that the tax will accelerate the pace towards integration, which Mr. Langley apprehended.

"Then there is another fear expressed, namely, that commission agents will altogether disappear. This, again, is an unnecessary alarm. What is it that makes the services of the middlemen necessary in business to-day? It is either because the retailer has not enough capital, enough credit to back up at one end or because the wholesaler has no confidence in the person at the other end. This state of things will still continue to exist, and so the services of the middlemen will be required. Thus, a variety of circumstances govern all these things; and so it is not right to generalize that unemployment will result and all merchants may migrate from Madras to other far-off places like Hyderabad or Bombay and transact business there, leaving Madras in the wilderness; in which case, there will be no sales tax to be collected!

"Then, there was fear expressed about inter-provincial trade. Our Province will receive equal treatment with other Provinces, and as things go on at present, there is no room for any fear on that score that the other side expressed. It will be a long and tortuous process for business to shift itself to a distant place

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and command more trade. From Bombay the merchant has to make his peculiar credit arrangements, deal from a distance and try to run his business on the whole on dangerous economy. He does not know, for instance, what tax he will have to pay in the other province; it may be that for the present he may have to pay less than what *he has to pay* in Madras, but perhaps in the not distant future he will have to pay far more there. And so, there is no use of multiplying these fears.

" Now, Sir, Mr. Langley, who is usually not upset by constitutional alarms need not be very much upset by fiscal alarms. Does he really believe that being an agricultural country like France, this Province will fare better as regards this tax than France has done? France has more business, more industry and more manufacture; still the tax being levied at two per cent or one per cent as the case may be, does not produce even as much as the income-tax in France. And if we take that as a safe guide, where is the cause for alarm, the fiscal alarm of 15 crores of rupees being wrenched away from the unfortunate people of this Province in order to satisfy the whims and caprice of the Hon. the Premier? There is nothing in that.

" Then, Sir, it is hazardous to venture an estimate of what the tax would return. Even the most optimistic of financiers cannot reasonably estimate the returns from a tax which is being levied for the first time in this Province. Mr. Basheer Ahmed asked, 'What are the returns you estimate?' I tell him—he may become the Finance Minister one day—(laughter) it is unwise to make any forecast of revenue from a source of which you have never had experience. We shall gather experience of the tax, of the difficulties and dangers attendant on the tax and we shall reshape our tax year by year and so estimate our revenue that we shall satisfy Mr. Langley and Mr. Basheer Ahmed. It may be, Sir, I grant, that some dislocation may result, some disturbance there may be, consequent on this Bill; but it will be the inevitable and unavoidable minimum disturbance of the trade. So there is no reason to be alarmed.

" There is no reason to give up a proposal which is essentially sound according to fiscal standards—sound even according to the most diehard economists. If the levy of 'half the gross produce' or 'half the net produce' on land has been in existence for long as the basis of tax—which is not very sound economy or even sound fiscal law, but yet it has been in operation not for one or two years, or twenty years, but for over a hundred years; it is hardly fair to contend that the small tax of one pie per rupee (and even that in most cases will be borne by the consumers and not by the business itself) is unsound economy and should be opposed. The tax has this merit, the prime merit, that it distributes the burden of taxation more evenly. I leave the question of 'distinction' between country and town to the Hon. the

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Premier to answer, because he knows more about the country. (Laughter from Government benches.) Finally I will only say this: this Bill shifts our treasury in effect from loathsome places like toddy shops and poor men's huts to very safe and respectable places like the godowns of businessmen, a very correct and proper state of affairs which will soon be accepted by all people in this country."

Khan Bahadur P. Khalif-ul-lah Sahib Bahadur rose to speak.

Mr. SPEAKER:—" The hon. Member should be very brief; he should not repeat the points that have already been exhaustively dealt with by the previous speakers during the last two days."

* Khan Bahadur P. KHALIF-UL-LAH SAHIB Bahadur:—" Mr. Speaker, I shall certainly try to be as brief as I can; at the same time I must crave your indulgence for giving us members on this side some leisure to advance arguments . . ."

Mr. SPEAKER:—" But not the same arguments? "

* Khan Bahadur P. KHALIF-UL-LAH SAHIB Bahadur:—" Certainly, I shall avoid arguments . . ."

Mr. SPEAKER:—" But the hon. Member was not present throughout the debate and so does not know what arguments have been advanced so far. (Laughter.) So I shall pull you up when you begin to repeat arguments. The hon. Member will finish his speech in ten minutes."

* Khan Bahadur P. KHALIF-UL-LAH SAHIB Bahadur:— 6 p.
" Sir, so far as I have been able to study the Bill, I am fairly well convinced, Sir, that it is a most revolutionary piece of legislation that I have ever come across. It is certainly not well-conceived and the time is also most inopportune. There is absolutely no doubt that India is passing for the last so many years through the most depressing period of finance. And particularly, to-day, Sir, this House stands committed to several taxation measures already passed and still waiting to be passed by this Assembly. And to-day to add to the several burdens already laid upon this Province, this last but not the least burden is certainly not a wise measure.

" Sir, my hon. Friend, the previous Speaker said that in this House we must make very responsible statements. Of course, I think, he is only too conscious of certain not very responsible statements he made outside. I shall certainly learn a lesson from him and try to be as responsible as possible in making my statements upon this measure."

Sri N. S. VARADACHARI:—" May I know where he got this report, Sir? "

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* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"I am little surprised at the Government's being under a misconception, as the leader of the European Group pointed out, regarding the practice of *mahimai* which finds a place in the objects and reasons of this Bill. Certainly, Sir, I belong to a firm of at least half a century's standing and I may say I have some fairly good and personal working knowledge of many business houses in this Presidency. Knowing business fairly intimately, Sir, I may say that this *mahimai* system is not obtaining as a rule anywhere in this Presidency. It is only certain individuals that adopt this system for certain set purposes of their own. It does not obtain as a practice in every trade. I know as a matter of fact, it does not obtain in every trade at all except in stray cases of a few persons . . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—"For information, Sir, I should be grateful if the hon. Member will say whether in his own half a century old firm, he has or not this system of *mahimai*. I shall be grateful for the information."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"I shall be pleased to give this information. I know as a matter of fact that it does not obtain in the firm in which I have an interest at least for the last 30 years to my knowledge.

"Having dealt with that matter, I next proceed to the question that was adverted to by my hon. Friend, Mr. N. S. Varadachariar regarding the levy itself. He made the House understand that this half a per cent has been resorted to deliberately with a view to make the salesman pass it on to the consumers. I submit, Sir, it is quite possible that any taxation that is paid by the salesman can be passed on to the consumer; but then, we were told by the Hon. the Premier at the time of the Budget Speech that his main object was to save the poor man and throw it on the businessman of the cities, so that these people who are better able to bear the burden may pay certain contribution to the Provincial revenues.

"So far as inter-provincial trade relations are concerned, I think I shall have to refer to the skins and hides trade again. I may certainly assure you, Sir, that I shall not repeat the arguments of my hon. Friend, Mr. Ahmed Batcha Sahib, because I was present at the time when he spoke. I refer to the trade, Sir, because I have got also some working knowledge of that business. In that trade, as I have already pointed out, there are any number of stages before the raw skin produced in the village reaches the tanner situated in the towns. There may be at least half a dozen stages and we may have to pay this tax six times over again before it reaches the tanner. But at the same time he has not told the House that raw skins can be imported from outside the Province, from Calcutta, from Cawnpore and places like that in large quantities. If only the tanner takes it into his head to

buy his raw skins from Calcutta or Cawnpore, he may avoid paying this 6 pies per rupee. I ask, Sir, Mr. Varadachariar to let us know if he expects any tanner to pay this 6 pies more to the revenue of the Province and not buy the foreign stuff so far as this Presidency is concerned. I do not think any wise business-man will agree to purchase local skins and pay 6 pies more, because this Legislature has passed a taxation Bill requiring him to pay this half per cent. I submit that either he must import the raw skins from outside, or the poor producer of raw skins must be willing to take 6 pies less per rupee on his raw skins. Therefore, Sir, it is bound to work very great mischief in upsetting our provincial trade. There is absolutely no doubt about that. I am indeed very sorry that people who have got the necessary commercial experience are not in large numbers in this House and particularly in the party in power; I am sure that if there were, this Bill would never have seen the light of day.

"Sir, the previous speakers have already referred to great economists and their opinions. Of course, I do not want to compare the merit of our local economist Dr. P. J. Thomas with that of Dr. Seligman for the matter of that. I am bound to say that the world economists have held that this tax ought not to be resorted to in ordinary times. There can be no dispute about that. And further with particular reference to India the Indian Taxation Committee has considered such a tax and have finally come to the deliberate conclusion that this is not a fit form of taxation for India or the Provinces. In this state of things, I submit this piece of taxation measure ought not to have been resorted to.

"My hon. Friend, Mr. Varadachariar, when he was speaking about the rates referred to in the Bill and about the possibility of passing on this tax to the consumer, said that he held the view that this heavy rate of taxation was resorted to deliberately with a view to make the trader pass it on to the consumer; but he also said that the consumer will not grudge to pay this small tax. I do not know, Sir, what consistency there is in his own opinion regarding this matter of taxation. It cannot be insignificant at one stage and very significant at another stage; it is one tax and must be considered to possess one and the same incidence. Then the only consolation that my hon. Friend was able to give us regarding this heavy taxation measure was that though to-day it may upset our Province, we will not be driven to the necessity of resorting to Willingdon Island or some other place, as in the near future other Provinces will come up with their own taxation measures and we will be driven back to our own Province. But then, Sir, this point is to be considered not with reference to the entire Province, but with reference to those areas which are situate near and close to other states or other Provinces. It is in those areas that people will try to avoid

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The jurisdiction of this Province and do the business there. What about the trade of the entire Province, Sir? Is it not certain to ruin the trade and upset the trade system which has been built up as a result of the labour and experience of centuries past? If it is to be upset in one day as a result of this measure of taxation it will take centuries more, Sir, to rebuild that constitution and bring the business back to a stable equilibrium once again. It is, therefore, with very great caution that we have to proceed with such measures.

"Coming to the actual ability of the merchants to pay the tax, I wish to refer to only one case. I have known an instance of a skins and hides merchant who exports every year to the tune of about two crores. I have known the conditions of his trade and the conditions of his business quite intimately and I have known his balance-sheet year after year. I may give this for the information of this House, Sir, that for the last ten years that firm is not making any profit, but it is running the business with a hope for better times. It is only in that view, Sir, that he is running the business and if that firm is to be taxed by the present measure, he will have to contribute one lakh of rupees to the purse of this Province every year. That, I submit, Sir, is enough to break the neck of that firm and wipe it out of existence altogether; because if this tax is to be repeated for a few years, he will have lost all his capital and he is sure to be driven out of the market. I ask the Hon. the Premier what proposal he has for bringing back and stabilising a trade of that sort which has been built upon the experience of centuries, by men of great mercantile brains, who have studied the world situation and built up such a huge trade for this Province. Are not such firms a great credit to our Province and to the commerce of our Province? If we drive out such people, what is to become of the trade and commerce of this Province?

"Leaving commerce at this stage, I shall take the case of industry. I submit that here also this taxation will work real havoc; because in the same way as I illustrated in the case of the large trader, the local factory will have to bear a higher cost if it has to purchase the local produce; or, the local producer of raw materials will have to take a lower price, if he is to sell to the local manufacturer. Therefore, Sir, in both ways this measure is pregnant with difficulties and troubles and is sure to upset the trade and industry of this Province."

MR. SPEAKER:—"I think the hon. member must wind up his speech."

Kumararaja Muthia Chettiyar suggested that the speaker might talk in Tamil for a few minutes.

MR. SPEAKER:—"Not necessary. Do not worry. It must come of one's own free will and we have not got much time to-day."

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* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR :—"It is no worry to me, Sir. But, since you say much time cannot be allowed I do not wish to take the liberty of addressing this House in Tamil. I shall close with one or two more points. The main point that I have already pressed so far as this measure of taxation is concerned is that the Province has already been taxed in several ways. The only plea that was placed before us when the Budget was introduced in this House was that we had to face a deficit of seventeen lakhs. I am sure the Hon. the Premier will agree with me when I say that the four taxes already newly introduced are sure to reimburse this Government several times more than the seventeen lakhs which is the only deficit that this Government has to face to-day. Therefore, instead of oppressing the people with too many taxation proposals at one breath, I think this Government ought to rest content with these taxes that they have already introduced, gain experience and keep this for a future emergency.

"One word more and I shall finish. There is the method of collection to be carefully considered. It is bound to work havoc. As some Congressmen have expressed, it is sure to give some employment to the unemployed. But I may say that the merchant class are not going to take in more employees because with this tax and with the other taxes that they are forced to pay, they will not be able to employ more hands. Of course, the Government may be pressed to employ more hands and the unemployment question will be solved only by the Government having resort to their employment for the collection of these taxes. But, here I have got to sound a note of warning to the Government. I think the previous speakers have referred to the way in which income-tax is collected. But it is a different form of taxation altogether. We think that we shall be right in thinking that the Tahsildar or officers of that type will have to levy this tax and to collect it. Then I have only to plead for the poor businessmen and for the poor salesmen who will have to escape their attempt to collect taxes, their threats to levy more than these can afford to pay; I advocate the poor businessman's cause for reasons well known to this House and to the Hon. the Premier —I refer to the prevalence of corruption among these officers."

MR. SPEAKER :—"I think you need not go into corruption."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR :—"I must, Sir, because that is an argument which I have to make in this connexion. I do not know why I should not be permitted to refer to it."

MR. SPEAKER :—"It will not help your case"

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR :—"Although all the plea that I am putting before this House is a helpless one, although the Hon. the Premier is going to press his

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Bill and see that it becomes law at no distant date, although I know all that, Sir, still I have got a duty to perform in this House. I owe a duty to the constituency and to the public at large. It is only in view of discharging my duty that I am making these representations and in the discharge of my duty I shall have to refer to corruption. Corruption is a thing which I will have to warn this Government to bear in mind, before resorting to this piece of legislation. Viewed in all these aspects there is no justification for bringing in a measure of this sort. The previous speakers said that the matter of revising this Bill and considering amendments may be considered at the stage of the Select Committee. I know that this Bill will go to the Select Committee, will come out of it, will be placed before the House and will be passed by it. But so far as I am concerned and so far as the public opinion which I have been able to ascertain is concerned, this Province is not fit to bear this additional burden of taxation and therefore it is not just and proper to press this measure at this stage."

Mr. D. M. Reid rose to speak.

Mr. SPEAKER:—"I suppose Mr. Reid will give additional points and not traverse the old points."

* Mr. D. M. REID:—"I beg to state, Mr. Speaker, that though I have not been all the time in the House, I have been within hearing of all the speeches of other members and I do not think any of the points which I shall bring up have been given before."

Mr. SPEAKER:—"They will be briefly said."

* Mr. D. M. REID:—"Very briefly, Sir, as I think I always do.

"I wish to speak at once on the export trade of *kailis*, *lungis* and *sarongs*, which is a most important trade in this Presidency and which I fear will suffer severely if this Bill is passed into law. Very briefly, Sir, I will tell you the position. These products are manufactured in the Presidency of Madras on handlooms which are widespread. These goods go to Calcutta, Chittagong, Rangoon, Singapore, Ceylon and Aden. It brings to this Province ten lakhs a month and sometimes twelve lakhs a month, that is, over one crore of rupees a year. The handloom weaver and his life depend on this business. This business in those places is in competition with other goods. Sometimes these are in favour and sometimes they are in favour. I see, Sir, that this Bill will affect the prices of these goods by seven per cent which is a very big figure. It may be just enough to kill that business. The reason, I say, it is this: The cotton goes in its four stages to the mills. Many of these small mills in Coimbatore will suffer four times. From the Coimbatore mills

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the cotton having been made into yarn will be sold to a yarn dealer, the big man. He will sell to a small man who will sell to a head supplier of *kailis, lungis* and *sarongs,* who will in his turn sell to a village head merchant, who in his turn will sell to a smaller man working only one or two looms. These are the five stages. On the way back it would pass also through five stages and I am quite willing to place the evidence before the Government to show that this is correct. That means there are fourteen stages from the cotton to the final exporting of the goods. That means that there is seven per cent tax on the cotton contained in them. There is five per cent tax on the yarn and there is two-and-a-half per cent tax on the labour and the loom and the other materials used in the weaving. That is the serious incidence on these particular goods which I think the Government should take into careful account. These are not the only textiles which are exported from India. Madras in certain textiles is very severely in competition with Bombay as well as in competition with Lancashire. It is perhaps not generally known that in Iraq, Egypt, Sudan, Tanganyika, Kenya, South Africa, Jamaica, most of the West Indies and British Guiana, as well as the whole of the Federated Malay States, Rangoon, Java, Celebes, Borneo, Australia as well as in New Zealand. Madras goods are in competition with those of Bombay and Lancashire. It is a very good business indeed. You know what the cloth business is and it is merely a question of competition; if we are burdened with a taxation of one-half per cent that might well kill the business as far as Madras is concerned. I will ask the House also to remember that in these markets this Province is in competition with Lancashire in many ways.

"Therefore, Sir, I would appeal to the Hon. the Prime Minister to consider these not as arguments but pure, cold facts. These are essential basic industries in this Presidency which require rather, I will say, a Government subsidy than taxation. They are so important.

"I have been very brief, I hope. I will request the Premier to exclude all exports and definitely exclude all handloom goods."

* **D. K. SAIYED IBRAHIM SAHIB BAHADUR**:—"சபா நாயகர் அவர்களே, இப்பொழுது நான் வியாபார வரி என்பதைப் பற்றிப் பேசப் போகிறேன். இது வரையில் பேசினவர்களெல்லோரும் ஆங்கிலத்தில் பேசினார்கள். ஆகையினால் நான் எனது தாய் மொழியில் பேச விரும்புகிறேன்.

"இப்பொழுது நம் தேசம் ரொம்பக் கஷ்ட நிலைமையிலிருக்கிறதென்பதை நமது மந்திரிமார்களும் மற்றவர்களும் உணர்ந்திருந்தும், அவர்கள் கக்ஷியின் கட்டுப்பாட்டினாலே இதை எடுத்துச் சொல்ல விரும்பவில்லை என்றே நினைக்கிறேன். இருந்த போதிலும் எடுத்துச் சொல்லவேண்டியது அவர்களுடைய கடமை. அப்படி இருக்க எடுத்துச் சொல்லாமலிருப்பது அவர்களுடைய குற்றமென்றே சொல்ல விரும்புகிறேன்.

"மேலும் நான் சொல்லவேண்டியதென்னவென்றால் நமது காங்கிரஸ் கவர்ன்மெண்டார் மந்திரி ஸ்தானங்களை ஒப்புக்கொள்ளும் முன்பு தேசத்தில் இவ்வித வரிகளை விதிக்கப் போகிறோமென்று சொல்லி வாக்குகள் வாங்கவில்லை. இப்பொழுது இவ்வித வரிகளை விதிப்பதென்பது கொஞ்சமும் நியாயமல்ல. அவர்கள் இவ்வித வரியை விதிப்பதென்றால் முதலில் தேசமக்களைக் கேட்டு மறுபடியும் வாக்காளர்களிடத்தில் வாக்குகளை வாங்கிக்கொண்டு இந்த ஸ்தானத்திற்கு வந்து இவ்வித வரியை விதிக்கலாமே. அப்படியில்லாது இவ்விதம் விதிப்பது எவ்விதம் நியாயமென்று நான் அவர்களை கேட்கிறேன்.

"நமது சகோதரர் பஷீர் அஹமது ஸயீது சாஹிப் அவர்கள், "என்னுடைய **Constituency**-யில் நான் போனேன். ஒருவரும் இந்த விற்பனை வரி போடுவதை விரும்பவில்லை' என்று சொன்னார். ஆனால் அவர் 'என்னுடைய **Constituency**யில் விரும்பப்படவில்லை. மற்ற **Constituency**யிலுள்ளவர்களும் அதே மாதிரி சொல்லுகிறார்கள்' என்று எடுத்துச்சொல்லி இருக்க வேண்டியது. தன்னுடைய **Constituency**யில் விரும்பப்படவில்லை என்று சொன்னவர் மற்ற **Constituency**யிலும் விரும்பப்படவில்லை என்று எடுத்துச் சொல்லவில்லை. அவர்கள் எவ்வித பயத்தாலே சொல்லவில்லை, என்று என்னால் சொல்ல முடியவில்லை. ஆனால் ஏகமனதாக கனம் தங்கிய காங்கிலி துரை அவர்கள் சொல்லியது போல் ஒரு வரியை விதிக்கவேண்டுமென்றால் ஒரு கக்ஷியார் நோக்கங்களைக் கவனித்து விதிப்பது என்ன நியாயமென்று கேட்கிறேன். இரண்டாவது கவர்ன்மெண்டு என்பது கடவுளுக்கு அடுத்தபடி என்பதை மனதில் நினைக்கவேண்டும். நாம் இன்று ஒரு கக்ஷியிலிருக்கிறோம் என்று இன்னொருவரை நசுக்குகிறது என்ன நியாயம்? ஒரு சில குடியை நிறுத்துவதற்காக மற்றவர்களை நசுக்கி விடுவது என்ன நியாயம்? உலகத்தில் பணக்காரனும் ஏழையும் வசிக்கிறவர்களென்று அவர்கள் நினைக்கவேண்டும். இரண்டாவது ஒருவரும் பிறக்கும்போதே பணக்காரராகப் பிறக்கவில்லை. என்னை மட்டில் நான் சொல்லுகிறேன். எனது பிதா ரொம்ப பரம ஏழையாக இருந்தாலும் அவர் பர்மா தேசத்திற்குப்போய் கஷ்டப்பட்டுப் பணத்தைத் தேடினார். நான் அந்த பர்மா தேசத்திலே போய் தொழில்செய்து நஷ்டமடைந்தேன். மறுபடியும் ஒரு சிறு தொழிலை ஆரம்பித்தேன். இப்பொழுது ஏற்பட்ட கலவரத்தால் என்னுடைய தொழில் பாதிக்கப்பட்டிருக்கிறது. இந்த நிலைமையில், கனம் பிரதம மந்திரி அவர்கள் **Budget speech**ல் இந்த வியாபார விற்பனை வரியை விதிக்கப்போகிறோமென்று சொன்னதும் எனக்கு கவலை உண்டாகிவிட்டது. நான் கணக்கு பார்த்ததில் சரக்கு லக்ஷத்து இருபதினாயிரத்திற்கு ஏற்றுமதி செய்திருக்கிறேன். வியாபாரத்திலோ நஷ்டம். அங்கு போட்ட முதல் வராது போயிருக்கிறது. இந்த நிலைமையில் இவ்விதமான வரியையும் கொடுக்கவேண்டுமென்றால் எங்கேயிருந்து கொடுப்பது? எந்த மாதிரி வியாபாரம் நடந்து வருகிறதென்பதைக் கவனிக்கவேண்டும். வரி விதிப்பது இலேசானது. வரி கொடுக்கிறது கஷ்டம். **Income-tax deputation**ல் ஒருவனாக நான் பர்மாவிலிருந்து டெல்லிக்குப் போயிருந்தேன். அப்பொழுது காங்கிரஸ் கக்ஷிக்காரர்களும் மற்றவர்களும் **income-tax** என்பது பெரிய கஷ்டமான வரி என்று சொன்னார்கள். அப்பொழுது சொன்னவர்கள், சம்பாதித்த லாபத்திலிருந்து வரி கொடுக்க இஷ்டப்படாத ஜனங்கள், இப்பொழுது வியாபாரத்தில் லாபமா நஷ்டமா என்பதைக் கவனிக்காமல் இந்த விற்பனை வரியை காங்கிரஸ் கவர்ன்மெண்டார் போடுவது என்பது என்ன நியாயமென்று நான் அவர்களைக் கேட்கிறேன்.

"கனம் ரீட் துரை அவர்கள் சொன்ன அதே கைத்தறித் தொழில் வியாபாரத்தைத்தான் நானும் செய்கிறேன். அந்த தொழில் செய்கிறதில் ஆறு ஸ்டேஜ் மாறுகிறதென்று சொன்னார். அந்த ஆறு ஸ்டேஜ்க்குப்

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பிற்பாடு இன்னும் இரண்டு மூன்று ஸ்டேஜ் அவர் விட்டு விட்டார். ஒவ்வொரு ஸ்டேஜிலும் தம்பிடி தம்பிடி கொடுத்துக்கொண்டு வருகிறதென்றால் எவ்வளவு ஆகிறதென்பதைக் கணக்குப் பார்க்கவேண்டுமென்று கவர்ன்மெண்டாரை கேட்டுக்கொள்கிறேன். இந்த வரியைக் கடைசியில் யார் தலையில் சுமத்துகிறதென்று கேட்கிறேன்.

"முதலில் கனம் பிரதம மந்திரி அவர்கள் Budget ஸ்பீச்சில், 'பட்டணத்திலிருக்கிற வியாபாரிகளுக்கு இந்த வரி போடுகிறேன். கவர்ன்மெண்டுக்கு குடியானவர் வரியும் வியாபாரிகள் கொடுக்கவில்லை. அவர்களிடத்தில் வாங்கவேண்டும், அவர்கள் மனம் கஷ்டப்படக்கூடாது' என்று சொன்னார்கள். இப்பொழுது என்ன சொல்லுகிறார்கள் தெரியுமா? 'நீங்கள் ஏன் கதறுகிறீர்கள், நடு மத்தியில் வாங்குகிறவர்கள் கொடுக்கப் போகிறார்கள்' என்று சொல்லுகிறார்கள். அப்படி வாங்குகிறவர்கள் ஒரு அணா இரண்டணா கொடுத்துவிட்டால் அவ்வளவும் அடங்கி வியாபாரி வாங்கி விற்கவேண்டும். இப்பொழுது ரொக்க வியாபாரமென்பதே கிடையாது. எல்லாம் கடனுக்குக் கொடுத்து வாங்கவேண்டும். எவ்வளவோ வியாபாரம் நானே கடனுக்குக் கொடுத்திருக்கிறேன். கடனுக்குக் கொடுத்த வியாபாரத்தில் பணமெல்லாம் திரும்பி வருகிறதும் வராததும் தெரியாமலிருக்கும்போது எனக்கு வரி விதித்தால் லாபத்திற்கு வரி கொடுக்கிறதா நஷ்டத்திற்கு வரி கொடுக்கிறதா என்பதைக் கவனிக்க வேண்டும். ஆகையால் பொதுவாக இப்பொழுது நான் சொல்லுவதென்னவென்றால் இதுவரையில் விதித்திருக்கிற வரிகளே போதுமானது. அவர்கள் ஏழை மக்களிடத்தில்மட்டும் ஓட்டு வாங்கி வரவில்லை. எல்லோரிடத்திலும் ஓட்டு வாங்கிக்கொண்டு வந்திருப்பதால் மறுபடியும் போய் இந்த தேசத்தில் இந்த வரி விதிக்க ஜனங்கள் பூராவும் ஒத்துக்கொள்கிறார்களா என்பதைத் தெரிந்துகொள்ள அவர்கள் இன்னும் ஓட்டு வாங்கிக்கொண்டு வந்து ஒப்பேற்பட்ட வரியை விதிக்கவேண்டும். அப்படிக்கில்லாமல் தங்கள் நோக்கம் போல் பெருவாரியான மெஜாரிட்டி இருக்கிறதென்று இந்த வரியை விதிக்கிறது நியாயமல்ல என்று சொல்லி முடித்துக்கொள்கிறேன்.

"ஏனென்றால் பின்னால் இந்த வரி மசோதா செலெக்ட் கமிட்டியின் 6
பரிசீலனை செய்யப்பட்டு திருத்தங்களுடன் இந்தச் சபையில் வரப்போகிறது. P.
அப்பொழுது இன்னும் விவரமாக இதைப்பற்றிப் பேசுகிறேன்."

Abdul Hameed Khan Sahib Bahadur rose from his seat.

MR. SPEAKER:—"No, no; the hon. Member has finished."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I suppose I have got a right to speak on the main motion."

MR. SPEAKER:—"You cannot speak on the amendment and the main motion."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Is that your ruling, Sir?"

MR. SPEAKER:—"You have made an exhaustive speech. The hon. the Leader of the Opposition will now address."

* KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Mr. Speaker, somebody asks me to speak in Tamil. I would very gladly have done it, but in a matter of such importance I should like to speak in English."

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MR. SPEAKER:—"Let the hon. Member have his own choice."

* KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Sir, coming as I do at the end of the discussion on this important measure, I have the benefit of following many members, particularly from the Opposition, who have spoken very elaborately. Therefore I shall try, if possible, not to repeat the arguments that have been adduced on the floor of this House on this taxation measure. Sir, it could easily be said that any taxation measure would be opposed by anybody. That is correct. Apart from that, I am sure the Hon. the Leader of the House would agree with me that this House has been very discriminating with regard to the expression of opinion on taxation measures brought forward by this Government. The discussion on the taxation measures, particularly on the Tobacco Bill which preceded this, would have made this House understand that the members of the Opposition and also the public have criticized the taxation measures in a very discriminating manner. They have not condemned the Tobacco Bill *in toto*. They have even agreed partially to taxing certain kinds of tobacco. That shows, Sir, that members of the Opposition, supported solemnly by very many thinking men of the public who are not in this House, have proved that criticism of taxation measures, if directed in a discriminating manner, should have very good results. I do hope that the Government will also show a similar discrimination with regard to their persistence and insistence on the taxation measures which they have brought forward before this House.

"Sir, confining myself to the general sales tax, I should only say that the Government ought not to take the speeches that have been delivered here as the only indication of the opposition to this Bill. They should realize that it would be rather impossible for a few members to have arranged public meetings or engineered agitation throughout this country."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I did not say so."

* KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"The Hon. the Premier says that he has not said so. I only said that he should not say so. I did not say that he did say so. From all parts of the country from the extreme south up to Vizagapatam people have gathered in large numbers in public meetings and expressed their complete disapproval of this general taxation measure. Sir, the Opposition is not merely with regard to the vagueness of the Bill, but with regard to the fact that even small trades will be terribly affected. Otherwise it would not have been possible for merchant meetings to be attended by tens of thousands of persons throughout the country. The agitation

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by the chambers of commerce can be taken to be a normal feature, as they are well-organized associations. But in this, Sir, the agitation voiced forth by the chambers of commerce have the backing of all merchants in the country, even those persons who are not members of associations of commerce. I say this, Sir, with a view to show to Government that the opposition to this Bill has been enormous in the country and it will be a great catastrophe if the Government do not take note of it.

"The member who preceded me said in his Tamil speech that the Government should consult public opinion in the matter. Sir, the answer straightaway comes from the Hon. the Premier that the electorate have elected him and the members of his party on the programme which was submitted during election-time, which included Prohibition, the shifting of the taxation burden and also the reduction of land revenue. Now the Hon. the Premier will claim that it is with a view to carry into effect the Prohibition policy and with a view to attempt to give more relief to the ryot that he is trying these various taxation measures. Sir, he did not say this so clearly in the budget speech and he also did not inform us the details of the coming taxation Bills. At that stage he confined himself only to the immediate deficit of Rs. 17 lakhs. It has rightly been urged on the floor of this House that we should make up a small sum of Rs. 17 lakhs; but even if it is not made up, it will be good budgeting. Are Government justified in bringing forward such measures now? Even assuming such measures are necessary for the financial year 1940–41, it is not necessary to bring any legislation of this type now. This House is not going to be abolished, the Government is not going to be abolished and the Congress party is going to be in office and there is time enough for the Government to come forward with such a measure during the course of the next financial year, if they find it necessary." (A voice: 'Will you accept next year?')

MR. SPEAKER:—"Visitors shall keep perfect silence."

*KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I did not hear."

SRI KALA VENKATA RAO:—"Will he accept next year?"

MR. SPEAKER:—"It will be considered." (Laughter.)

*KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I thank you, Mr. Speaker, for the tip. I may say that any taxation measure or any proposal will have to be discussed on the floor of this House and I expect, first and foremost, the Government to come forward to justify the measure, before we even consider it. I now say that the Government do not have even the semblance of justification for this measure, even assuming they want it. They do not want this money, but still they want this measure. That is my contention. If the Government are put to the necessity

of raising money, I would ask them, Sir, whether they are right in choosing such avenues of taxation, whether they should not have chosen other forms of taxation, whether they have exhausted all other resources. I ask, Sir, more definitely whether it is not incumbent upon the Government to institute an elaborate enquiry first, particularly in view of the fact that there is no immediate necessity for raising a large sum of money. They are at least a year in advance and so they could have an enquiry, consider the results of the enquiry, and if they think as a result of the enquiry that they are justified in levying the taxes, they could come forward. It has been rightly urged by previous speakers that this measure affects merchants of all types. The merchant community and the traders have not been taken into confidence and they have not even had the benefit of consultation with the Government, though, no doubt, the Government have been good enough to consult them after the publication of the Bill. Sir, as this is a matter which affects the trade and industry of the Province, the merchant community, the chambers of commerce and the various merchants' associations would have very much liked to have an opportunity to discuss with the Government beforehand these matters; and probably if that had been possible, the Government could have come out with a better Bill.

"Sir, the objection to the Bill is more because of the vagueness of it. The Bill says or speaks of ½ per cent turnover tax. They say 'sales tax,' but it is an out and out turnover tax and an indirect income-tax. They use the word 'sales tax' just to be in conformity with the latest judgment of the Federal Court, which is the only saving feature for Governments situated as they are to-day, with difficult theories being put into operation. I have no objection to the particular form of drafting employed in this Bill; but I only wish to say that if the Government had come forward with more details in the Bill and if the Hon. the Premier, when he introduced the Bill, had stated what he expects to be the revenue which this Bill will yield, it would have helped criticism to flow on proper lines. My hon. Friend Mr. N. S. Varadachari said that it is not the job of a Finance Minister to anticipate revenue. I do not know what else is the job of a Finance Minister, Sir, if it is not to anticipate revenue and anticipate expenditure. That is the main purpose of the budget and that is the main purpose of any taxation measure. I expect the Government to say how much they expect from this financial measure for the very good reason that arguments have been placed before the Government that they do not have even a register of the various merchants. So, the first thing to be done before bringing the merchants under a taxation measure is to make an enquiry as to how many thousands of merchants there are, how many classes of them there are and in what commodities they deal, what is the volume of the trade passing through their hands and

what is its value. If this information had been collected and placed before the House, it would have enabled the members to know whether it is enough if a small licence fee is charged on the merchants, whether wholesale dealers should be taxed or whether retail merchants and petty shop-keepers also should be charged this tax. If this information had been made available, it would have enabled the Government to know the country's trade condition and it would have been possible for them to say how much revenue a half per cent tax or any other percentage tax would yield. Mr. Varadachari would not then be put to the necessity of dogmatizing on matters concerning the duties of the Finance Ministers. It was strange that he should have asserted that the Finance Ministers need not anticipate revenue. I only say this with a view to bring home to the Government the fact that they have failed to consult public opinion and that they have failed to make an enquiry as the first step.

"Now, Sir, I shall not deal with the history of the sales tax in other countries, as many hon. Members have dealt with it elaborately. But one thing I must say in this connexion and that is that those countries which levy a sales tax have completely exempted the exports. Therefore there is a strong case against the Government imposing a tax on exports. The instances that have been quoted by my hon. Friends Messrs. Ahmad Batcha Sahib and Khalif-ul-lah Sahib demonstrate beyond the shadow of a doubt that certain export trades, particularly the export trade in skins and hides, cannot stand even a half per cent tax. Mr. Khalif-ul-lah has shown how half per cent at each stage would make it impossible for the exporter to do any business. If this article has to be made to pay a duty of half per cent at every one of the five or six stages, it will certainly be conceded by even the staunch protagonists of this legislation that the export trade in hides and skins will die.

"Sir, I will not take the time of the House by detailing the various trades which can and which cannot stand this tax. I wish only to say that it should not be assumed by hon. Members of this House that even the big traders and businessmen would be able to bear this tax. It is wrong to imagine that all dealers alike, wholesalers and retailers can stand this imposition. Before imposing this tax you must take into consideration the kind of article that a man deals in and the number of times a certain article passes hands before it reaches the consumer.

"My hon. Friend Mr. Reid has told us elaborately how the handloom weaver, for whom tears are shed by members of the public, will suffer by this tax. The handloom industry and the handkerchiefs manufactured here have a good name and, if you

do not want to increase unemployment among the labouring classes, you should not impose this tax on the handloom industry. Hon. Members opposite may ask why I should stand up and make this plea on behalf of the labourers. I have every reason to point out to the Government the directions in which Bills of this kind will show their bad effects.

" The textile industries and companies will be hit hard. But the Congress Government have on the whole been good friends of the textile people. If I should be saying this in the Central Assembly, Mr. Jinnah would probably get up and say that I am quite right. I do not want to import all those things here. I only want to say about our local industries. Take Coimbatore and Madura where we have large centres of the textile industry. It has been clearly pointed out that cotton, which from the time it is picked from the plant to the time it is sold to one of us as cloth, passes through about nine hands and must hereafter pay a tax of 4½ per cent. If we look into the profit and loss accounts of merchants dealing in piecegoods and cloth, we will find that this tax is really going to be a hard one.

" Sir, it has been stated in the Statement of Objects and Reasons that the Government intend to exempt small dealers and that in that manner they think that food-stuffs would be exempted to some extent preventing a rise in the price of that commodity. They also say that agriculture would be exempted. I question that statement. Agriculture would be exempted only so far as the sale by the tiller of the soil is concerned and no more. Sir, in the brochure sent by the Southern Indian Chamber of Commerce they have pointed out that a tax on rice and paddy at ½ per cent will bring in 21 and odd lakhs and that on cereals about 14 lakhs and on chillies, coriander, etc., another 14 lakhs of rupees. So, this measure will bring in Rs. 50 lakhs from these three items alone. Are these not agricultural products and, if so, where is the exemption spoken of? From my own experience I can say that as these commodities change hands three times, the Government will be making Rs. 150 lakhs out of these three items alone. Is it right to take one and a half crores of rupees from the food-stuffs and these provisions alone? Will not this course result in the prices of these articles being put up? We were asked seriously whether it is at all possible to transfer this tax to the consumer. Different opinions have been given on the floor of this House on this matter. I only wish to say that in certain commodities it will be possible to transfer this tax to the consumer and in certain others it will not be possible so to transfer it. I was amused and astonished to hear Mr. Varadachari say that it will be wrong for the merchants to claim a low rate, as it will be impossible for them

to transfer it and that must have a decent rate which will help them to transfer it to others. I was astonished at that argument. Even assuming that it is possible for the merchants to transfer this tax to others, I think that that should not be our object. In most cases it will not be possible to effect this transfer. I shall refer to this matter in greater detail on another occasion. Now I will only say that in certain cases it will be possible for merchants to pass on this tax to the consumers and in certain others it will be impossible and the merchants will suffer. So, it is the duty of the House to see that this burden is minimized as far as possible if the Government are bent on passing this Bill.

" Sir, the tax as envisaged in this Bill is unacceptable to the merchants, even the small merchants who have sales for Rs. 30 per day. Even in non-panchayat areas the village shop-keepers have a turnover of Rs. 30 per day. As it is wrong to subject them to this tax, I hope it will be possible in the Select Committee stage to raise the minimum to Rs. 20,000. Another point that has to be remembered in imposing a tax of this kind on the petty merchants is that though they do business and live, they are not able to read and write and do not keep any kind of accounts. You will now be compelling them to maintain accounts by employing a clerk and so on and dance attendance on the taxing officers. Our experience as income-tax assessees in our dealings with the authorities is enough to warn the Government against making these petty merchants wait on the officers engaged in assessing these taxes.

" Sir, I would now like to refer to the general policy under- 7 p.m.
lying this Bill. This Bill does not take into consideration the ability to pay from the point of view of income. Any taxes collected from the merchant classes should always be understood as being paid out of the income that is derived from business. It has been brought to the notice of this House that some of the small merchants will not come under this tax. However that may be, I only wish to say that it is sheer injustice to ask any person to pay the tax even in years when he has not earned a profit. I think the House would have received this Bill in a more favourable manner, if the Government had put in provisions to the effect that a merchant will not be taxed in that year in which he has not earned a taxable income, or even if he has earned a taxable income, that the tax he has to pay will not be more than a particular proportion of the income. I consider this particular matter as an important matter of policy. If the Government had taken this point into consideration and inserted a provision in the Bill to this effect, it would have minimized the opposition of the Members to some extent

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"Finally to put forward the case of merchants and petty traders, I wish to say that it is wrong on the part of the House to assume that merchants do not contribute to the provincial taxes. It may be that they do not directly contribute to the provincial taxes as pattadars or licence-holders in municipalities, etc. But then they contribute very heavily to the Government of India, and I shall not harp upon the point that the Provincial Government are getting a portion of the income-tax. Probably hon. Members of the House will question my statement and say that they are not getting much money from this income-tax revenue. I only say that if the Government of India were not allowed to collect income-tax from us, they would have made other inroads into the provincial sources of taxation. Such of those persons who are contributing to the income-tax revenue of the Government of India are helping by enabling the Government of India to leave the other sources of revenue to the provinces. To that extent the merchants are paying in an indirect manner to the provincial exchequer. Without considering this important aspect of the question, it is said that the merchants are not paying any tax at all to the Provincial Government, which, I would submit, is wrong.

"Then, I only wish to speak about the procedure that is being adopted regarding this Bill. Dates have been mentioned with regard to the date on which this Bill was published, the date on which this Bill was introduced and the date on which this Bill would become law. I only wish to say that the efforts on the part of hon. Members for allowing them more time have not been successful. When they asked for more time—I wish to assure hon. Members of this House—it was not with the object that they would be able to gain time and thereby defeat the intentions of the Government. If they asked for more time, the only reason was that the Bill, as published to-day, is too vague and does not help the merchants to state their views in a definite manner or enable them to offer any constructive suggestions. Therefore if more time is given to them, it will enable the merchants to formulate their opinions and to collect statistics, particularly because the Government have no statistics or other information with regard to the total volume of trade. It would have been very nice indeed if they had conceded the request for more time, thus benefiting the merchant classes and also benefiting themselves indirectly. By putting off this Bill to August session, nothing would be lost, if it is the intention of the Government not to tax the people before October next. It may be said that the Government will have to make rules and devise the necessary administrative machinery. I only wish to say that there is enough administrative machinery already. When they have contemplated that the Revenue Department should collect the money, there will not be

any difficulty. After all, the taxes are going to be collected only from 1st October. It is only after six months that they are going to do this and so it will not be difficult for them. Even assuming that they have some difficulties. I wish to impress upon them strongly that it would have been very nice indeed if the Government had given more time to us. It was not the intention of hon. Members of this house to defeat the passing of this measure, if Government are bent upon passing the same. During the short interval that we have had, if the Government had made up their minds and agreed to our request, we would also have been thankful on our part. Now that the Government have practically turned down our proposal, we should use, to the best of our ability, the time available to us. We have been told that the Select Committee will meet for four days and then they will adjourn for another 15 days.

" I may say, Sir, that the motion moved by my hon. Friend Mr. Hameed Khan is a very modest one and what he says is that the Select Committee should be asked to take evidence of such of those persons whose evidence would be useful. I think that during the debate it has been fairly demonstrated that the Government have not got the necessary information to proceed with this measure. We also have not got such information as we would like to have. So the only alternative open to us is to consult the various commercial bodies. They have already sent in memoranda, but they may send further memoranda also. If we notify people to come and give evidence, it will be very helpful to the members of the Committee. Even businessmen—I am a business man but I do not know the intricacies and details of every trade—do not know the details of the trades. Therefore it will not be possible for even businessmen who serve on the Committee to help the deliberations of that Committee unless they have the help of representatives of various trades. I am inclined to think that the request contained in the motion of my hon. Friend Mr. Hameed Khan is a very modest one. I heard earlier in the debate on that motion that the Hon. Premier was inclined to consider our request. Later on, however, after some discussion had taken place, he qualified his remark by saying that the Committee will reserve its right with regard to the calling of witnesses or not. That being the case, I repeat now the request contained in that motion and ask him to accept our request, and in the event of his not being able to accept it, at least to give us an assurance that evidence will be taken. I will be satisfied with his assurance. I say this, because in spite of the huge protest that has been raised by the public and by hon. Members of the House, the Government are going to carry forward this motion. Let me sum up by saying that as far as the Bill that has been placed before us is concerned, it is not possible for us to accept it in the manner in which it has now been placed before us. As for its future shape, let me only

hope that, even if the Government should carry it through, it will not be as rigorous as it is now. In that hope, I wind up my protest against this measure."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I hope that if I do not travel over all the ground that has been taken up by the members of the House, it will not be understood that I am not attaching importance to the points raised by them but not specifically referred to by me. It is not merely because that one can deal only with the points that can be dealt with in the limited time available to us, but also because that we have time enough in the Committee, if the House appoints one, to deal with the various details. That should be taken as a justification for my not minding to reply on specific points. Still, I cannot fail to refer to some broad points referred to by Members of the House.

" It was stated that the sales tax has been recognized in other countries as an emergency measure and such an emergency had arisen in those countries, but that it has not arisen in our country and that therefore there is no justification for this proposal. We can follow precedents; we can take courage from the fact that what we propose to do to-day has been done in another place at another time. But to demand that all the circumstances that prevailed in other countries when this step was taken there should also prevail here is, I submit, a little too much and cannot be conceded. Far be it from us to desire that we should have exactly a European War in our country and thereafter only we should introduce the sales tax. It is not as if a particular misfortune of a particular country had not anything to do with such a measure. It is the need arising out of such misfortune, directly or indirectly, that is the justification for such a measure. If the same need arises on account of other causes, there is nothing wrong in follwing the same step which was followed in other countries. It is not, therefore, that only after a Kaiser declares war that the sales tax should be introduced in a country. We may have some other difficulty, viz., the financial difficulty to make both ends meet in the affairs of a province or a State, arising out of a variety of circumstances. The question is: Has not an emergency or rather the need arisen in our Province now? If hon. Members had not merely referred to this technical emergency, but had proved fairly to my satisfaction that there was no necessity to levy this tax, then I would admit that they have made out a case for withdrawing the proposal. As a matter of fact, they did not do it, but they merely contented themselves by saying, ' You refer to the sales tax in France, where owing to the War they imposed it; there is no war here and therefore that analogy will not apply here.' I submit that sort of argument fails to convince me. The need for raising money has been explicitly stated and proved satisfactorily here. That is enough emergency. If any other alternative were even proposed

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or even adumbrated in a vague manner, one might have thought that there was material for putting this proposal aside. Apart from merely referring to very minor matters, nobody had the temerity to urge on the Government, 'Here is no need at all; why should you be levying this tax?' But hon. Members went to some extent in this direction by saying, 'There is a gap of about 40 lakhs of rupees in the budget; you have made it up to some extent by piecing together odds and ends and have reduced it to Rs. 17 lakhs; all your need is only to tax up to that amount; why should you levy this tax which is bound to produce a considerably larger sum?' That, I submit, is not acceptable for this reason that we know that there is a growing gap; and when we know that this gap has arisen, not out of sheer accident, but as a result of a definite increasing phenomenon, we must provide for it as wise men ought to provide. And you cannot introduce a tax for every little amount specifically and separately which would produce only that amount. Then you will have to discover a different tax next year and another different tax the year after next. That is not the way in which the tax-payer can be dealt with by any stable Government. It is exactly what is called living from hand to mouth, which cannot be permitted in this connexion.

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"It was said that a proper estimate has not been made and that we have not got materials and statistics to show exactly how much we can get out of this tax and that therefore we are out of court, so to say. Even this argument does not appeal to me. When I made the motion to refer the Bill to a Select Committee, I admitted that it was a new ground and that there was no hiding of the fact. But I gave the reason for it. We were not responsible for it. It is a new tax that has been given to us; it is not merely a new tax, but all the circumstances attendant on it constitute virgin soil. We have to give credit and debit for various alterations that will take place in the circumstances on account of the very tax itself. Supposing we made certain mathematical calculations, as hon. Members have made to amuse themselves—I hope they will pardon me for saying so—supposing we calculated the total amount of exports and by multiplying it by certain co-efficients and re-dividing it by the percentage we have given in this Bill, we arrived at so many crores; it would be mere amusement in my humble opinion. It does not go further, because the changes that will be brought about by this measure are not taken into account in this matter. Hon. Members have not forgotten to bring out the fact that there will be a certain amount of reorganization of trade and business on account of this very tax; and some hon. Members have particularly indulged in giving us the number of processes through which every commodity goes and the number of hands through which every business passes. Take cotton.

Starting, for instance, from the pod of the cotton plant, they say that it will have to be picked first, then it will have to be ginned, then it will have to be packed and pressed, then it will have to be sold. Various commission agents come in between and the thing will have to be bought. Then it will have to be blown and sold to various other people. Then it will go either to a hand-spinner or a spinning mill and so on. Now many of these stages—the commission agents, the brokers and the other speculators, the forward purchasers and the backward profit-makers—all these people will shift a little bit. Then all our beautiful calculations will be upset. If I arrive at some figures by calculating the total quantity that passes from hand to hand as things are to-day and get a turnover out of it, what is the good of filling my page with those figures, when later on I find that the minimum disturbance that may be expected will upset all these calculations? Therefore, I submit that we have really not lost much by not having an estimate of the amount of money that can be gathered from this new tax. It is waste of labour; I can say so with great deference to statisticians, political economists and merchants. I wish to say that life is a little more complicated than mathematics. When we bring in a measure of this kind, we have not ignored, but on the contrary, we have taken account of the fact that there will be a readjustment of business and whether we like it or not it is necessary. From certain points of view, we may welcome it. For these reasons, I submit that the proposed statistical labours will be wholly profitless. That is why we have proceeded without calculations. Sir, when the income-tax was first levied—I am not a good historian, I have no good memory for these things, but hon. Members will help me—when the income-tax was first introduced either in England or in India, did people come forward with actual estimates of the amount of the income of the people? Very rough calculations were made even then by some people to amuse themselves. But I make bold to say that all those calculations were wholly upset by actual facts. Even to-day with all the figures and the tables ready the calculations are upset."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Upset the other way. More money is received."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"There is no harm. The world is tending towards common management, either at a brisk pace or at a conservative pace, it does not matter, but it is tending towards common management. Whether it is through the machinery of the capitalist system or through the machinery of a socialist classless order, we are tending to common management. The choice before the people is whether they want common management by abolishing the system of individual property or whether they hope to stem the tide of that flood by heavier

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and heavier taxation on those who are able to bear it and by distributing the proceeds of that taxation in such common management as will distribute amenities of life to all people. There is no other philosophy behind this proposal or any other similar proposal. It is impossible to stem the tide of communism—if I may use an easily available word—unless businessmen and capitalists and those who stand for individual property are ready to realize the need and the emergency for imposing upon themselves heavier and heavier taxation, fair but yet heavy taxation, and distributing the proceeds, so far as benefits go, over the whole of the State. That is what is intended to be done by this Government or by any other Government which produces a similar measure. There is no other alternative, Sir

"Hon. Members were, some of them, indignantly eloquent. Mr. Ahmed Batcha Sahib as usual made a powerful, eloquent and forceful speech—not mere words but full of matter. He said : 'You say that the merchants are paying only to the Government of India. Is it wrong? Are they idle? Are they not defending our frontiers? Are they not keeping away the Afghans from our country?' He forgot the possible political consequences from such a statement. He referred to Afghans—I plead for him—only as a type and not particularly to them; he mentioned them illustratively. He meant, if you like, the Japanese; he meant, if you like, the Mongols or the Burmese or the Persians; he meant, if you like, the Germans. It is the foreigner whom he meant. It is the frontier to which he referred. He said that the Central Government was protecting trade, industry and commerce and even agriculture, by keeping an army and by spending fifty crores every year on it, and that therefore the merchants were not paying anything to a useless foreign organization but that they were paying only for immediate, urgent and directly useful purposes. That is to say, the money they paid was used on the people. The hon. Member may be right, but quantitatively we on this side of the House beg to differ from him. We feel that so much money need not be spent on that item. We do not say that no money should be spent on the defence of India, but we do say that much less money can be spent. We can organize the defence of the country on a more equitable basis by using the greatest resource for the defence of the country such as the confidence in our own people. We can utilize all the man-power of the country more fully and reduce the cost. We can produce soldiers at very much less cost per unit than the present soldiers."

Kumararaja MUTHIAH CHETTIYAR of Chettinad:—"Inefficient soldiers."

*The Hon. Sri C. RAJAGOPALACHARIAR:—"We can produce experts who will make these soldiers very efficient men,

because efficiency is produced not merely by training but also out of the interest of self-defence. Every man will fight hard to death to defend his own house. However, without enlarging upon this subject just now, though it is a very interesting, useful and important subject, I must content myself with only a brief reference to it, by saying that we beg to differ from Mr. Ahmed Batcha Sahib with regard to the defence he has put forward for the defence expenditure. (*Laughter*) We beg to differ very strongly from him when he says that the defence expenditure is so wholly right as to justify him to wax so eloquent over it. It is not so wholly right.

" Then he says and other hon. Members have joined him in saying that the merchants are not so illiberal as I have described them to be, with regard to their contributions to the expenditure of the State, either at the Centre or in the Provinces. Hon. Members have sought to prove this. Mr. Langley started the game and he quoted from a very old book, the Taxation Committee's Report. I say ' old ' because it was nearer to the War than the present constitution. He quoted a passage from that book. I did not quite grasp the matter when he read out the passage, but I have looked it up. The authors of that report wish to bring out that rich people, big businessmen, do contribute something to the State. But I want hon. Members to note exactly what the quantity is that the big businessmen contribute. Big businessmen it should be remembered, do not contribute by paying customs duties on imports, because they get them back from those who purchase the imported articles to the last pie. Big businessmen contribute income-tax, it is true. But the smaller people also contribute income-tax. The authors of this report say that the big businessmen contribute two-thirds of the total income-tax that is paid. It is not two-thirds of all the taxes, it is two-thirds of the income-tax which the Provinces pay. Now this Province pays a comparatively trifling sum of less than 1½ crores by way of income-tax. The whole of this Province including the big businessmen pays Rs. 130 lakhs and odd by way of income-tax. Towards provincial taxes also the big businessmen no doubt contribute various small items which can all be taken to amount to about 20 lakhs, according to the calculations I have in my hand. Altogether we may safely take it that the big businessmen contribute about one and a half crores by way of income-tax, customs duties and everything to the Central Government and by way of stamp fees and the like to the Provincial Government. That is the amount that big businessmen contribute both to the Centre as well as to the Province. Now if we may make a similar calculation of what the rural population, the poorer people in our Province contribute not only towards the revenues of the Province but also towards customs duties and the rest of the income of the Central Government including the salt tax, we will find that it is a very large

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amount, which entitles me to say that the big business people pay merely a trifling share of what the State recovers either at the Centre or in the Provinces.

"But apart from these calculations, let us examine the matter on the fundamentals. Hon. Members correctly quoted me when they said that I enunciated the proposition that we want to shift the burden of the tax from the country to the town. But, taking me too literally, they immediately proceeded to say, 'It is not correct; what you shift to the town will again be shifted back to the village;' and out of that, hon. Members made an argument—not that I should endeavour to get behind all those attempts—to shift it back to the village, but to say, 'What you do is wrong.' I submit the argument does not appeal to me. I do want, I admit, and I repeat, to shift the burden from the village to the town. But if hon. Members have convinced themselves and convinced me even that this burden that is shifted to the town will be shifted back to the village, I appeal to them for further co-operation to shift it back once again to the town, if possible (Laughter). It is not an argument against my proposal. They pointed out, I claim, a weakness in my proposal which should be set right with their assistance. It does not provide an argument against accepting the Bill; it only cautions me. They say: 'We know how you are doing your best to shift the burden from the village to the town, but the businessmen will shift it back from the town to the villages. You will have to take further steps to shift it once more back to the town.' I accept that suggestion. But let not hon. Members imagine that I am oblivious of the point that they make; in that view it has to be considered. What they say and what other hon. Members have put in a different way is: 'If you put a heavy tax on exports or kill exports, you will harm the producer in the village; whether it be the man who brings the skin of the animal or the man who brings groundnut or any other grain or corn, you hurt the producer if you kill exports.' I admit the proposition. If you make the burden so heavy that the businessman will have to transfer it to the consumer even in regard to other articles consumed in our own Province, you will shift the burden on naturally to the consumer; and if we fail in our attempt to make other people pay, that would make the villager pay more for the articles he buys for consumption. I admit that proposition also. But to admit it, is different from admitting that the Bill is wrong. To admit that the killing of exports is bad, is not to admit that a duty placed on exports and all duties placed on exports are wrong. To admit that to put a further burden on the article in the village or the rural consumer of products is wrong, is not to admit that any tax that may increase the price of an article is therefore bad. It is here that the whole confusion arises. And if I attempt to make the thing plain by an analogy, there are some people who

7-30 p.m.

will object to an analogy. They think that I am trying to confuse them by analogy and therefore I shall wholly avoid all analogies. I shall try to be dull, I shall try to be prosaic and shall try to depend on the reason, the unassisted reason of hon. Members. Let me ask them: supposing we levy this one pie on a rupee, will *export* be killed? I say no. Suppose we levy this one pie per rupee on cloth, will it kill the internal trade in cloth? I say no. It may not kill. *Lungis* were referred to. The export trade of *handloom* cloth was referred to. Mr. Reid will excuse me if I say it is a clever way of putting things. If you want to put an argument, try to find out what the Congress is keen upon; it is a *technique of argument*. Pick up the Congress fads and pick up the Congress favourites and try to translate your objection, even if it should be only one-tenth or one-hundredth or one-thousandth of the thing, *in terms of the injury* that will be done to them. Emphasize the Congress fad and the one-thousandth of the injury —a clever way of proceeding . . ."

MR. D. M. REID:—" It is true." (Laughter)

THE HON. SRI C. RAJAGOPALACHARIAR:—" That is to say, it is true that what I say also is true. (Laughter) That is to say, it is true that it is a clever way of putting forward an argument. I admit it is true in the other sense, namely, if all exports are affected by one pie on the rupee, your *lungi* also will be affected by one pie on the rupee; then your other exports of some cloths, some kinds of cloth which go to Bombay, will also be affected; the Japan cloth which comes in will also be affected. I come now to the other fads—the contrary fads so to say; the Japan imports will also be affected and the Lancashire cloth will also be affected, the German cloth will also be affected; and since all cloth will be affected, the local cloth will be protected. (Laughter) (Interruption by Mr. D. M. Reid.) I don't think so, but I go back now to the point. If we commit the error of putting a tax which will not merely secure a revenue from export, not merely secure a revenue from the consumer, but will actually kill the golden goose—Mr. Langley will allow me to use his phrase—(an hon. Member: Mr. Bower)—Mr. Aesop, if I may say so (laughter)—if we proceed not merely to raise a revenue, a little revenue, but kill the golden goose altogether, all these arguments are correct. So Mr. Ahmed Batcha's fervent appeals to appreciate and understand the importance of the skins and hides export in the commerce of our country, and particularly in the commerce of our Province, and again to appreciate the advantages that it bestows on the poorest classes in the villages—all these fervent appeals are admitted. I accept every word of what he said. It is important. It should never be hurt. But I go to the shop, I go to Mr. Ahmed Batcha or any other skins and hides merchant and say: ' Sir, once a year, you are distributing alms near the mosque, more than what I ask

of you; once a month you pay for house-rent more than what I ask of you; you are paying for your own petrol more than I ask of you —petrol for personal purposes; you are purchasing a new car every year at a higher cost; once a year I am asking for less than that difference. You have got a splendid expert manager, you are paying him a salary; I only ask for what amounts to a fraction of that salary.' I go to each big businessman who deals in large commodities, large quantities in this important trade and would only beg for a *mahimai*—I repeat it again in spite of the objections taken —a *mahimai* of one pie per rupee on the business. I submit that it is not killing the golden goose. It is not at all killing the business of export or killing the business of import. But, Sir, I proceed at once to say, if my hon. Friends who will send up members to the Select Committee will make it clear and show, ' It is too much; this is not exactly what you say is a revenue measure, but it is something that is going to be suicidal,' the Government should be foremost in accepting it. Because, surely, the goose is theirs and they will not allow it to be killed. They want the goose, and they want the eggs also; and so we promise that the members who have opposed it on the ground that the whole thing will be killed and that it is not only the revenue that we will get from it, will have—and they ought to have—every opportunity to show the effects and the quantitative alterations that should be made in order to avoid such suicidal results. That is common ground. I do not think we need further fight over it.

" It is not exactly, here let me say, an opposition between the town and the country literally. It is not as if we are particularly fond of one set of people and dislike the man who just gets into the bus and reaches the town. It is not that. The difference is between the poor producer, and he who engages himself in certain services connected with production and who seeks to make more out of these services than the man who raises the main produce. It would be wrong for me to call all of them parasitic occupations. Some of them are true parasites. There are some who will come and say: ' I have captured the other man; if you want that man's business, you must go through me and you must pay me a commission.' That, I should say, is an unmitigated parasite. But there are many other services. A man keeps the books; he gets all the business together; he knows when it should be done and how it should be accumulated. He knows the art of it and the technique of it, and he helps by passing on one's business to another, not as a parasite, but as a conduit or bridge or causeway —or an Irish bridge at the worst. Well, he has his place in society. It is he who to-day seems to make and get more money than the producer himself. It may seem as if I am exaggerating it; I do not. Do hon. Members know that agriculture has been admitted by all people who have made an impartial examination of it, to be an uneconomic industry? Almost every one has

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admitted it. If you calculate the wages that the family should be paid for mere day labour and if you calculate the cost of the bullocks and the interest and the insurance that has to be paid and all that, agriculture has been admitted to be an uneconomic industry. The agriculturist produces the grain in that uneconomic way. He brings it to the bazaar. At once pounce upon him parasites, other people, honest people, conduits and the Irish bridges and the foot bridges and all the intermediaries. None of them suffers a loss. To them without any labour there is a little profit—I do not say it is too much, but surely, even half an anna is more than the minus which the agriculturist is making. Instead of allowing for this unfortunate state of affairs, merely as a misfortune of our country, we want to remedy this position. We want to see that the producer is really in the position that he ought to be in, and that the intermediaries really get what they deserve. The labourer is worthy of his hire, the man who does the service of a commission agent or intermediary or the man who lends money—all these people are entitled to a proper hire; but surely the other man is also entitled to the hire. The burden to-day, of the land tax—as some hon. Members referred to it—viz., half the net proceeds or half the gross proceeds, or whatever it be, is really far too much, and therefore it is that we want to shift the burden not so to say geographically from the village to the town, but we want to shift it a little bit from the producer to the intermediary, and the man who does service to be tacked on to that produced article, which cannot stand by itself. This is the transfer that we wish to achieve in this process. This is the best place where I can put forth my point in that connexion.

7-45 p.m. "There is a tendency in our country, an unfortunate tendency, to live on the lowest standard whoever it may be. As soon as a margin is available in any trade or business, a number of people pounce upon it on account of the poverty of the people, as a result of which that margin has to be divided into a number of insignificant fractions, so that each one gets very little. And should we continue to live in that way on the bare margin? Then there is under-cutting and competition and so on. Finally if any burden is imposed by the State or otherwise upon an organization however small it might be, every one naturally shifts it down to the bottom and then the inarticulate producer at the bottom has to bear all the burden. I quite see the force of the argument of many hon. Members who say, 'You are imposing half a per cent now as sales tax; it will be surely shunted down to the bottom even though it may look small; it will be shunted down because the intermediaries get very much less.' I quite see the reasonableness of the apprehension that it will be shunted down. Let us admit it, and the consumer has to pay. It will be shunted down under certain conditions only. If there is a fair margin and if anything could be got out of that margin, there is competition

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enough among the intermediaries to try to pay out of this margin this tax. If there is no room for them, it will be shunted down. Therefore an operation will begin to take place which will make it fair; that is to say, if any intermediary makes a profit without other people knowing it, he would not be able to shunt it down because competitors will come in either to sell or to buy, so much so that more of the tax cannot be shunted down. If there is no such margin, if it has already reached the bare minimum, then it will be sent down; it is all fair that it should be sent down. How do you relieve the poor man by sending down this tax? We do relieve him this way. As I have already said and I shall repeat it again to-day, the taxes that we get from the poor man are the excise revenue and the land revenue. These taxes are heavy. It is well known; it is admitted. Dr. Thomas's figure was quoted by Mr. Langley, I think he said that 5 million drinkers pay the excise revenue; let it be 5 millions or 3 millions—I would rather put it at 3 than 5. Each one of them pays not excise revenue only, he has to pay across the counter about four times the excise revenue in order that the Government may get the revenue. Now that revenue is entirely his. It is not as if the money is lost. These five million or three million drinkers pay three or four times the excise revenue; that is to say, the pipe costs more than water, something like the conduit costing more than the article that comes through it. The tax that comes is 4 crores, but he has to pay 15 crores across the counter. Now it is not right that the whole burden should be there in that manner, four times the burden, in order that we may get 4 crores. Whereas to-day if we get part of this money from the businessman who can pay it and partly from the intermediary who can pay it and partly from the consumer, if the intermediaries cannot pay it and if the thing can be shunted down successfully in spite of the terrible competition among the intermediaries themselves, nobody can be cheated; there will be adequate competition among the intermediaries to see that the shunting is reduced to the minimum. Then it would be fair, because the consumer pays only what we require and not three or four times what we require. That is the advantage of this tax.

" Then, Sir, some hon. Members proceeded at once to say that our old books have shown and it has been recorded that the direct tax is the best tax and that all the other taxes are bad. I do not know if it is so. But I shall admit it now. But we cannot levy any direct tax, because direct taxes cannot be levied by us. It does not give you warrant, they say, to levy a sales tax. It is a very unfair way of dealing with an individual. I say it is different in the case of a Government. Here you have to deal with the Government and help them. It is no use saying to them and it is idle to say to them, that the direct tax is the best. I may say more, that even a direct tax is bad. I would like to have a large colony to send all our people over there; I would like to have a

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New Australia where it is possible to send our people. I think that is the best way. This was how England got her revenue. Neither by direct nor by indirect taxation did England prosper but through her colonies in other countries. If we had such colonies, it will then be very best. Can we have it, or shall we postpone Government till we get a colony? It is not possible. Similarly direct taxes are no different from that proposal. We cannot levy a direct tax on the income. I admit it will be very good; though the income-tax was comparatively a later introduction even in England, it is now admitted by all to be the very best tax. But we cannot levy it. Therefore we must make the best of our constitution and that is the only explanation that I can give for not levying a direct tax. But I have already given the advantages in the indirect tax. If I levy a direct tax on the consumer or on everybody concerned, I would have to levy it from the poor people again—the whole of it; whereas this indirect tax gives us one advantage. In passing let me point that out to hon. Members, it is this advantage that the indirect tax has over the direct tax; the capacity to stay in the intermediary stages so to say on the businessmen and on the trader till the minimum is reached. The whole of the tax is not immediately transferred to the consumer in all cases; but only a portion of that that can stay with the intermediary as margin, will stick and remain. Therefore, the indirect tax has a certain advantage in this particular respect. It is preferable to the direct tax. Supposing I said we propose to levy a crore through this sales tax, shall we put that crore directly as a poll tax on all people? In that case the businessman will pay just as much as the villager; the villager will pay one rupee and Mr. Ahmed Batcha Sahib will slip his one rupee into the Treasury and say, 'I have paid the tax also.' It would not be fair. But the indirect tax has this advantage. The businessman will have to retain his burden as far as he can bear and transfer only what in spite of competition he can transfer. That is the advantage of indirect taxation over this direct taxation.

"Sir, it was said that trade will run away to other provinces, and so on. It is true. If we forget all arithmetic and we levy a tax which will make it worth while for Mr. Ahmed Batcha to send away his business to Hyderabad or Mysore, it is possible. But he will himself help us by not making such a mistake. I may assure him that the tax that we levy will not be such as to make it worthwhile for people in general to run away to Indian States or to the other provinces. As Mr. Varadachari rightly pointed out, men may after all be induced to have the ills that they know than to go in for the ills that they do not know. It is possible that if they prefer to settle down in Hyderabad, they will find more difficulties, though not to-day perhaps to-morrow, than they will find under the Government here, where they can stand up and make every effort to get over the difficulty, oppose every measure, resist every

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measure and modify every measure. I do not say anything irrelevant when I say that in spite of the large majority that the Government has in this House, I do not think that we have done anything ignoring the Opposition because of their numbers being small. I do not think in any other House the Opposition gets the hearing that the Opposition in this House gets. I do not think that in any other House the Opposition gets the strength in the Select Committee that the Opposition in this House gets. I do not think—here I tread on dangerous ground—they will ever have a tax-gatherer fairer to hear the other side than they have in this Province. So I do not think they will run away to other Provinces. By making an exchange of this Government for other Governments, they will lose; whatever may be the weight or burden of any tax that we impose, I warn the businessmen of our Province that if they go away to other Provinces and to other States, they really purchase greater evils than they could possibly have. They do not know what is going to happen; and after all here they have the safeguard that neighbours will always be more considerate than strangers. We all live here together, businessmen know it; every consumer, every trader, every neighbouring trader, other professions, other lines of trade, all live here together and so the necessary adjustment is bound to take place. Human considerations will always bave their weight. If they go away to foreign countries, where they are among strangers, they may be faced with hard-hearted legislation and hard-hearted taxation, let me warn them. Bombay will not refrain from putting a higher scale, finding out a legal and constitutional way of levying higher duty upon the Madras imported leather, whereas in Madras there won't be any difficulty. The same thing will happen in any other State or in any other Province. So I tender, with respect and affection I may say, this warning to the businessmen who are inclined to run across the border that there is no necessity for them, they need not do it, because it will not pay. It is not human nature to run away in order to save a pie or an anna. They would rather prefer to buy it in their own village though it might cost a little more than to go across to a village and buy a cheaper article. It is not in human nature to do so. Both customers either of export or import business will, I think, not create a situation by which the business will have to get away on account of this taxation out of our Province.

"Much stress was laid upon the statement in Statement of the Objects and Reasons with regard to *mahimai* not being always right; funny phrases were used, combinations of negatives were used in dealing with that part of the Bill, it is not always usually the case or something like it. I do not quite understand that. Sir, the Bill does not depend upon that. It was stated in the Statement of Objects and Reasons that this country knows a system by which every businessman (Sri T. T. Krishnamachariar: 'An indigenous system') not exactly for the purpose of assisting a charity,

but for purposes of getting a blessing from above, puts by a certain amount for alms or for a good cause in the counter—something like a common good fund which even the co-operative societies encourage in these days. It is in consonance with the genius of this country that the word *mahimai* is there. It is an ennobling word by which we put by a little coin where we sell goods worth a rupee; it does not depend upon your profit, because your profit depends upon it. The genius of the country says that if you put this by you will make a profit, but do not make a calculation out of your profit, that is dangerous. There is a beautiful little story in connexion with it which I won't take the time of the House to relate now. It related to the Vaisya community. When a man tried to put by something to please God out of the profits, he was going to make, he lost in the bargain. So it is only when you take risks that you will feel the advantage, so to say. You put by this saying, 'This is *mahimai*. may my business prosper!' Then the business will prosper. That is the genius of the country. I do not say so, because I want a share in that. That is not the argument. The argument is only this. The sales tax is a new tax, let me confess my mind to hon. Members. After all I want to work with them and there is an opportunity for me to share my secrets with them. Therefore it is pleasing that I should tell the story of my mind. The sales tax, as I complained the other day, is a new tax; it terrorises people because it is altogether new land and a new forest: and if we say we are going to impose the sales tax, people naturally get afraid. What shall I do? I must find an early institution and an indigenous institution in our country which reproduces the principle of the sales tax, so that people may feel that it was after all not a new ghost but the old village goddess we have been worshipping all through. *Mahimai*
m. is not a new institution; but the sales tax as a tax would be a new institution. *Mahimai* is a familiar thing to every businessman. Whether the amount collected is at the rate of one pie or two pies per rupee, or whether it is an anna for a bag or a rupee for a thousand bags, it does not matter. The institution is there and it is known and the familiar touch is there; and it is for that reason that the Statement of Objects and Reasons referred to it. The fact that it is a pie for every rupee or an anna for every bag does not make any difference. What the tax should be depends not upon the practice of the people but upon our needs and the capacity of the business to bear it and that is going to be fixed, I promise again, by the Select Committee. Therefore the argument that the statement having been framed on a wrong basis, the foundation is gone and the whole structure must drop down and the Bill must be withdrawn, is not correct.

"Secondly, Sir, reference was made to the fact that we must find out first the needs and we must then levy the tax. They said: 'Introduce Prohibition throughout the country and then

come forward with this tax; that ought to be the first thing.' That was very properly said by Mr. Hameed Khan. I value that suggestion very highly and I appreciate it. But I want to plead with him a little about the details of that argument. 'Can a Government,' I ask, 'afford to act in that manner? We can afford to act in parts in that matter and we cannot afford to go the whole hog in that manner.' We can introduce it in some districts in order to show to the people that we are serious about it. If it is to be introduced throughout the country—immediately and you are to incur a loss of revenue to the tune of four or five crores of rupees, how can you wait for a new tax to be considered thereafter? It is not possible. It is possible for the patient to go up to the doctor and get his medicine from him while he is still able to walk. But suppose the doctor were to say, 'Wait till you are almost dead and then I will come to you; there is no need just yet for my medicine; wait till you are almost dead.' But the doctor asks the patient to come to him in a condition in which he may not be able to reach the hospital. That is what Mr. Hameed Khan's suggestion amounts to. (Laughter) If we introduce Prohibition throughout the Province and then come to the House for the levy of this tax, it will be a dying case; the Government will be a dying patient and the distance to the hospital would be too great for the patient. We want to prove to the tax-payers the earnestness of our steps; we want to show to them how the scheme is proceeding; we want to show to them the quantitative results of it. Then these people will say, 'Oh, yes, these are people who will spend the money in this good way.' If they are so convinced, as they ought to be, then comes the justification for the tax. Then I ask them, 'We have tried it in some places with results which you approve of; if you want it all over the Province, give me power to levy this tax.' If they do give this power to me to levy this tax, then Mr. Hameed Khan may make this demand with all the force at his command and ask that Prohibition should at once be introduced throughout the Province. If, as has been stated, the proceeds from this tax is four or five crores of rupees, I promise on the honour of this Government that Prohibition will be introduced throughout the Province." (Cheers.)

MR. SPEAKER:—"There ought to be no shouting in the House."

THE HON. SRI C. RAJAGOPALACHARIAR:—"That is the modification in point of detail which I would like to make to the excellent suggestion of Mr. Hameed Khan that it is only Province-wide Prohibition that can justify this tax. I admit that all the justification is there; but yet what should come first, should come first and what should come next, should come next. Already, we have undertaken losses to the tune of three-quarters of a crore

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without making any arrangements for revenue to make it up. There were financiers and political economists who found fault with it and asked us how we could lose such sums without making any provision for it. I say that we cannot levy a new tax unless we are sincere about it, unless we are genuine about it. Many more people should feel that we are serious, sincere and genuine in that matter. They know how it proceeds and that is the justification for the step that we have taken now.

"I do not think that I need detain the House on any other point. The proposals that it should be a definite instruction to the Committee to take evidence cannot, I fear, be accepted for the simple reason that it would fetter the discretion of the Committee. If the Committee feels that there are issues which have to be gone into, they would go into it. And it is not proper that we start with a prejudice saying that these things should be done. We must leave it to the Committee. I hope, therefore, that the House would with good reason reject the amendment and accept my original proposal."

MR. SPEAKER:—"What does Mr. Hameed Khan say?"

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I think I shall have it put to vote."

MR. SPEAKER:—"Does not Mr. Hameed Khan think that it would be of tactical advantage to withdraw the amendment instead of having it put to vote and lost?"

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I accept your suggestion, Sir. I withdraw the amendment."

The amendment was, by leave, withdrawn.

MR. SPEAKER:—"The question is that the Madras Sales Tax Bill, 1939, be referred to a Select Committee consisting of the following members:—

1 Sri N. S. Varadachari.
2 Sri A. R. A. S. Duraiswami Nadar.
3 Hajee P. I. Kunhammad Kutty Sahib Bahadur.
4 Sri Kala Venkata Rao.
5 Sri N. M. R. Subbaraman.
6 Sri P. Natesa Mudaliyar.
7 Sri K. S. Ramaswami Goundar.
8 Sri T. T. Krishnamachariar.
9 Mr. H. S. Town.

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10 Abdul Hameed Khan Sahib Bahadur.

11 Ahmed Batcha Sahib Bahadur.

12 Kumararaja Muthiah Chettiyar of Chettinad.

13 Sri Diwan Bahadur A. Appadurai Pillai.

14 The Hon. Mr. Yakub Hasan.

15 The Hon. Sri C. Rajagopalachariar (Mover)

with the instruction that a report may be made before the 24th April 1939."

The motion was put and carried.

MR. SPEAKER:—"I appoint the Hon. the Premier to be the Chairman of the Committee."

The House then adjourned to meet again at 3 p.m. on Monday the 3rd April 1939.

III.—PAPERS LAID ON THE TABLE OF THE HOUSE.

* *G.O. No.* 77, *Finance, dated* 28*th March* 1939, *relating to the Schedule of the Second Supplementary Statement of authorized further expenditure for* 1938–39 *as authenticated by His Excellency the Governor.*

* *G.O. No.* 78, *Finance, dated* 31*st March* 1939, *relating to the Schedule of authorized expenditure for* 1939–40 *as authenticated by His Excellency the Governor.*

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* **Laid on the Table on 31st March 1939.**

APPENDIX 1.

[Vide answer to starred question No. 1136 asked by Sri N. M. R. Subbaraman at the meeting of the Legislative Assembly held on the 1st April 1939, page 98 supra.]

Serial number and name of district.	(a) Acres of land assigned to Harijans for building houses.	(b) Number of persons.	(c) Whether grants are given to them to purchase sites for building houses.	(d) The number of persons to whom such grants were made.	(e) The amount given to them.
(1)	(2)	(3)	(4)	(5)	(6)
	ACS.				
1 Anantapur ..	45·22	1,098			
2 Guntur ..	280·45	3,821	Nil.	Nil.	Nil.
3 Chingleput ..	82·38 *	1,222 *			
4 Tanjore ..	105·62	1,155			
5 The Nilgiris ..	Nil.	Nil.	Nil.	Nil.	Nil.
6 South Arcot ..	124·39	3,267			
7 North Arcot ..	85·28	1,653			
8 Salem ..	2·88 †	103	Nil.	Nil.	Nil.
9 West Godavari.	173·28	3,105			
10 Vizagapatam ..	3·59	117			
11 Malabar	Nil.	Nil.	Nil.	Nil.	Nil.
12 Cuddapah ..	1·79	56			
13 Chittoor ..	4·51	131			
14 Nellore ..	229·00	4,102			
15 Trichinopoly ..	43·64	1,443			
16 Coimbatore ..	76·55	2,601			
17 Tinnevelly ..	82·87	1,516	Nil.	Nil.	Nil.
18 Ramnad ..	4·11	152			
19 Madura ..	19·24 ‡	575 ‡			
20 South Kanara.	233·79	571			
21 East Godavari.	80·14	2,309			

* Relates to the last three years.

† Relates to three fasli years 1346 to 1348.

‡ Relates to last ten years.

APPENDIX II.

[Vide answer to starred question No. 1139 asked by Sri Muthu Kr. Ar. Kr. Arunachalam Chettiyar at the meeting of the Legislative Assembly held on the 1st April 1939, page 100 supra.]

Statement showing the number of students trained in each trade in the several Government Trade Schools and the number known to be employed.

Name of school and trade.	Number passed.	Number known to be employed.
Government School of Technology, Madras—		
Electrical Engineering	298	112
Mechanical Engineering	142	59
Printing	47	40
Electric wiring..	116	116
Plumbing	101	101
Total ..	704	428
Government Industrial School, Madura—		
General Mechanics	54	38
Cabinet making	9	6
Electric wiring	9	5
Total ..	72	49
Government Industrial School, Calicut—		
Mechanical Engineering	25	24
Cabinet Making	15	12
Motor Section	26	26
Total ..	66	62
Government Industrial School, Bellary—		
Mechanics	24	15
Carpentry	9	5
Total ..	33	20
Government Trade School, Mangalore—		
Mechanic's course	23	21
Wood work	18	18
Electric wiring	6	6
Motor Mechanics	33	25
Total ..	80	70
Grand Total ..	**955**	**629**

APPENDIX III.

[*Vide* answer to starred question No. 1142 asked by Sri D. Narayana Raju *at the meeting of the* Legislative Assembly held on the 1st April 1939, page 102 supra.]

Description of articles.	Country of origin.	Quantity.	Amount. RS.	A.	P.
	1938–39.				
1 Red sealing wax (of superior variety).	Forest Research, Officer (Donkankotta, Salem district.)	lb. 400 ..	800	0	0
2 Azurelaid paper ..	Titaghur Paper Mills, Calcutta.	lb. 42,470 ..	10,511	0	0
3 Creamwove paper.	Do.	lb. 33,000 ..	7,657	0	0
4 Creamlaid paper ..	Do.	lb. 1,000 ..	232	0	0
5 White printing paper.	Do.	lb. 1,704,700 ..	3,51,595	0	0
6 Glazed buff paper.	Do.	lb. 1,304,284...	2,28,657	0	0
7 Blotting paper ..	Bengal Paper Mills, Calcutta.	lb. 13,940 ..	3,738	0	0
8 Duplicating paper.	The India Paper Pulp Co., Calcutta.	lb. 6,175 ..	1,400	0	0
9 Blackboard brushes.	Superintendent of Prisons, Madras.	No. 3,000 ..	750	0	0
10 Bra s pins, 1" and ¾".	Bombay .. .	Gross sheets 125 1" ; 87 gross sheets ¾".	3,032	0	0
11 Penholders ..	F. N. Gooptu and Co., Calcutta.	Gross 600 ..	1,575	0	0
12 White and red braid.	Calcutta	yards 13,000.	396	0	0
13 Cotton white twine.	Do.	150 lb. ..	106	0	0
14 Chalk, coloured ..	Trichinopoly ..	Boxes of 1 gross each 3,750.	1,125	0	0
15 Chalk, white, prepared.	Do.	Boxes 4,500 ..	810	0	0
16 Blacklead pencils.	Madras	800 gross ..	2,000	0	0
17 Copying pencils, ordinary.	Do.	150 ,, ..	888	0	0
18 Copying pencils, hard.	Do.	25 ,, ..	225	0	0
19 Blue and red pencils, ordinary.	Calcutta	30 ,, ..	165	0	0
20 Waterproof umbrella.	Do.	32 ,, ..	48	0	0
21 Waterproof caps ..	Do.	No. 25 ..	117	15	6
22 Socks of sizes ..	Dhariwal	Pairs 60 ..	45	0	0
23 Red ink pens ..	Calcutta	Gross 3,000 ..	1,500	0	0
24 Hard brushes for typewriter.	Do.	No. 480 ..	63	12	0
25 Roneo inking brushes.	Do.	36 ..	9	0	0
26 Soft brushes for typewriter.	Madras	600 ..	131	4	0
27 Rubber stamp brushes.	Bombay	3,000 ..	31	4	0
28 White sarees ..	Tata Mills, Bombay.	1,150 ..	2,731	4	0
29 Red country sarees.	Conjeeveram ..	325 ..	870	0	0
30 White laced turbans.	Madura	10 ..	100	0	0
31 Red laced turbans.	Do.	10 ..	110	0	0
32 Gold fringes ..	Madras	Yards 10 ..	60	0	0
33 Brass buttons with rings and letters 'G.H.' and Crown.	Aligarh	No. 600 ..	34	6	0

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Description of articles.	Country of origin.	Quantity.	Amount. RS. A. P.
	1938-39—*cont.*		
34 Pen-knives desk country.	Aligarh	180 dozens ..	202 8 0
35 Scissors large country.	Do.	12 dozens ..	75 0 0
36 Scissors small ..	Do.	3 dozens ..	12 0 0
37 Mull white 45″ ..	Ahmedabad	2,000 yards ..	500 0 0
38 Do. ..	Bangalore	5,000 ,, ..	1,239 6 0
39 Red serge 54″ ..	Cawnpore	50 ,, ..	125 0 0
40 Salampore cloth white.	Coimbatore	2,500 ,, ..	664 1 0
41 Salampore cloth blue.	Do.	8,500 ,, ..	3,054 11 0
42 Unbleached drill ..	Do.	15,000 ,, ..	4,921 14 0
43 Khaki drill ..	Do.	8,000 ,, ..	2,531 4 0
44 Bleached drill ..	Do.	200 ,, ..	71 4 0
45 Imitation Girgham cloth.	Do.	2,000 ,, ..	468 12 0
46 Khaki mull ..	Do.	1,700 ,, ..	557 13 0
47 Blue drill	Do.	250 ,, ..	105 7 6
48 Wax cloth white ..	Madras	4,100 ,, ..	1,153 2 0
49 Red turkey cloth..	Coimbatore	2,750 ,, ..	1,074 3 6
50 Red sealing wax country.	Madras	13,000 lb. ..	1,828 2 0
51 Gum bottles with brushes.	Bangalore	No. 75 ..	18 12 0
52 Yellow woollen tape ½″.	Calcutta	1,000 yards ..	54 11 0
53 Thabalack thread.	India	120 lb. ..	71 4 0
54 Tape narrow rolls.	Do.	2,000 dozen ..	7,875 0 0
55 Tape country ½″ ..	Do.	100 rolls .	60 15 0
56 Twisted thread white.	Do.	7,200 lb. ..	4,050 0 0
57 Khaki puttees ..	Salem	600 pairs ..	509 6 0
58 Yellow muslin ..	Bangalore	597 yards ..	94 0 0
59 Gum common ..	Guntur-Nellore Districts.	21,000 lb. ..	5,906 0 0
60 Long cloth fine ..	India	3,500 yards ..	1,531 4 0
61 Rubber stamping ink.	Bangalore	12,600 phials.	787 8 0
62 Red ink in bottles of 40 oz.	Madras	350 botts. ..	204 2 8
63 Blue black registration ink.	Madras and Bangalore.	3,600 botts. ..	1,171 14 6
64 Cheque writing ink.	Madras	500 ,, ..	263 0 4
65 Blue black ink powder.	Do.	4,500 doz. pkts.	1,851 9 0
66 Printing ink in 10 lb. tins.	Bombay	6,000 lb. ..	1,968 12 0
67 Printing ink in ½ lb. tins.	Madras	500 lb. ..	177 1 4
68 Thumb impression roller.	Nizambad (India) ..	400 ..	175 0 0
69 Wooden flats with lead.	Madras	650 ..	142 3 0
70 Rulers round large.	Do.	200 ..	68 12 0
71 Inkstand wooden boxes.	Do.	400 ..	308 5 4
72 Tags long for files.	Do.	350 ..	4 9 6
73 Record index laces.	Do.	5,000 ..	30 0 0
74 Tape tags 3½″ ..	Do.	300,000 ..	637 8 0
75 Tape tags 5″ ..	Do.	800,000 ..	1,950 0 0
76 Wool of colours ..	Cawnpore	30 lb. ..	101 4 0
77 Grey cumblies ..	Rajahmundry ..	300 ..	1,143 12 0
78 Twine country ..	Vizagapatam ..	22,000 lb. ..	4,812 8 0
79 Carbon papers ..	Calcutta	1,279 reams ..	5,838 8 0

APPENDIX IV.

[Vide answer to unstarred question No. 329 asked by Sri Rao Bahadur M. C. Rajah at the meeting of the Legislative *Assembly held on the 1st April 1939, page 104 supra.*]

Statement I.

Statement showing the number of schools conducted by the Labour department, the total number of pupils in them and the amount spent for free books and slates for pupils.

District.	1936-37. Total number of schools at the end of the year.	1936-37. Total number of children.	1936-37. Amount spent for free books for the pupils.	1936-37. Amount spent for free slates for the pupils.	1937-38. Total number of schools at the end of the year.	1937-38. Total number of children.	1937-38. Amount spent for free books for the pupils.	1937-38. Amount spent for free slates for the pupils.	1938-39. Total number of schools at the end of the year.	1938-39. Total number of children.	1938-39. Amount spent for free books for the pupils.	1938-39. Amount spent for free slates for the pupils.
			RS. A. P.	RS. A. P.			RS. A. P.	RS. A. P.			RS. A. P.	RS. A. P.
East Godavari	25	853	..	30 4 0	137	5,657	.	163 12 0	122	5,164	..	
West Godavari	52	1,761	50 0 0	15 6 0	52	1,667	52 0 0	54 12 0	49	1,645	16 0 0	37 0 0
Kistna	39	1,381	52 3 0	..	40	1,418	216 0 0	..	44	1,571	211 11 0	47 11 0
Guntur	4	162	..	..	18	784	100 0 0	..	18	862	..	..
Nellore	95	3,228	297 14 0		95	3,346	121 8 0		93	3,560	259 2 6	159 2 0
Anantapur	32	1,121	278 0 0	38 2 0	35	1,239	138 1 9	33 12 0	37	1,333	138 2 0	23 9 0
Bellary	41	1,624	153 1 0	53 12 0	42	1,688	311 11 0	96 15 0	43	1,755		
Chingleput	110	5,356	100 0 0	135 0 0	107	4,088	444 15 0	104 0 0	109	5,745	410 10 0	283 0 0
South Arcot	95	3,734	347 7 6	63 0 0	187	6,981	1,019 10 5	490 0 0	191	5,750	53 2 0	293 0 0
North Arcot	88	3,854	328 15 0	382 11 0	86	4,018	466 10 0	203 8 0	86	4,585	607 14 0	..
Tanjore	164	5,316	546 11 0	..	163	4,966	894 8 0	..	160	5,086	24 12 0	18 0 0
Trichinopoly	143	5,739	291 0 0	181 15 0	140	5,563	490 0 0	150 12 0	138	5,481	409 0 0	284 0 0
Salem	..	..	..		..	..	..	..	5	164	..	..
Malabar	36	3,170	194 8 0	143 7 0	36	3,304	466 12 0	83 3 0	37	3,500	480 6 0	171 8 3
South Kanara	43	1,784	527 1 2	..	44	1,882	579 4 10	..	45	2,054	161 3 4	27 9 0
Madras City	11	843	..	..	8	702	..	..	..	..	..	..
Total .	978	39,926	3,166 12 8	1,043 9 0	1,190	48,203	5,301 1 0	1,380 10 0	1,177	48,255	2,771 15 4	1,344 7 3

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Statement II.

The total number of wells constructed and repaired by the Labour department and the total cost incurred including the works that were under progress during the year.

Serial number and name of district.	1936–37.				1937–38.				1938–39.			
	Number of wells constructed and repaired including tube wells and tanks.	Cost.			Total number of wells constructed and repaired including tube wells and tanks.	Cost.			Number of wells constructed and repaired.	Cost.		
(1)	(2)	(3)			(4)	(5)			(6)	(7)		
		RS.	A.	P.		RS.	A.	P.		RS.	A.	P.
1 East Godavari ..	18	2,951	5	0	26	5,744	10	1	3	252	2	0
2 West Godavari ..	43	7,270	13	6	25	7,691	1	0	12	4,420	8	3
3 Kistna ..	20	4,509	2	6	17	3,649	0	0	9	2,599	0	0
4 Guntur ..	35	8,818	0	0	22	4,676	0	0	5	1,472	0	0
5 Nellore ..	32	7,600	0	0	24	5,685	0	0	14	8,901	9	2
6 Anantapur ..	39	9,651	0	0	22	3,579	0	0	15	6,181	12	0
Anantapur from labour funds through the agency of the Revenue department.	14	4,563	0	0	..	..				..		
7 Tanjore ..	48	4,063	10	0	3	2,349	0	0	1	96	0	0
8 Trichinopoly ..	24	5,460	0	0	21	4,424	0	0	27	4,304	0	0
9 North Arcot ..	25	7,331	0	0	6	736	0	0	19	3,000	0	0
10 Malabar ..	6	2,205	0	0	15	4,768	15	8	6	1,633	0	0
11 South Kanara ..	31	5,154	0	0	17	2,391	0	0	10	742	0	0
12 Salem ..	15	3,586	14	0	17	4,291	0	0	12	3,470	0	0
13 Bellary ..	15	5,847	0	0	18	6,489	0	0	14	7,028	0	0
14 Chingleput ..	20	6,810	14	6	79	5,267	0	0	23	5,625	0	0
15 South Arcot ..	9	4,930	0	0	9	3,400	0	0	21	9,000	0	0
16 Vizagapatam ..	13	3,123	6	0	Figures not available.	7,454	15	3	23	2,293	0	0
17 Madura ..	13	2,592	0	0	Do.	5,376	0	0	16	250	0	0

Statement II—cont.

The total number of wells constructed and repaired by the Labour department and the total cost incurred including the works that were under progress during the year—*cont*.

Serial number and name of district. (1)	1936-37. Number of wells constructed and repaired including tube wells and tanks. (2)	1936-37. Cost. (3) RS. A. P.	1937-38. Total number of wells constructed and repaired including tube wells and tanks. (4)	1937-38. Cost. (5) RS. A. P.	1938-39. Number of wells constructed and repaired. (6)	1938-39. Cost. (7) RS. A. P.
18 Chittoor	18	7,338 0 0	5	3,011 0 0	26	2,097 0 0
19 Coimbatore	5	4,202 0 0	Figures not available.	4,729 9 0	12	5,270 0 0
20 Tinnevelly	13	4,063 0 0	Do.	3,000 0 0	..	146 0 0 (on incomplete work.)
21 Ramnad	5	1,685 0 0	Do.	927 0 0	5	1,865 0 0
22 Kurnool	4	3,900 0 0	Do.	4,903 0 0	9	4,175 0 0
23 Cuddapah	7	5,138 12 0	4	3,898 0 0	7	1,630 0 0
Total ..	472	1,22,793 13 6	330	98,440 3 6	289	76,350 15 5

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Statement III.

The total number of non-residential scholarships given to pupils reading in schools in

	1936–37.		1937–38.		1938–39.	
	Number of scholarships.	Amount involved.	Number of scholarships.	Amount involved.	Number of scholarships.	Amount involved.
		RS.		RS.		RS.
Anantapur	34	784	48	968	59	1,173
North Arcot	135	1,934	152	2,366	184	2,686
South Arcot	217	1,894	263	2,435	272	2,322
Bellary	22	486	33	657	25	456
Chingleput	188	3,696	228	4,749	241	4,513
Chittoor	25	320	14	129	30	290
Coimbatore	68	858	103	1,244	114	1,250
Cuddapah	37	418	48	572	53	623
Godavari, East ..	133	3,766	123	3,366	146	3,354
Godavari, West ..	119	2,610	162	3,164	187	3,270
Guntur	39	864	43	780	61	744
Kanara, South ..	41	1,052	52	982	55	1,032
Kistna	120	3,110	157	3,226	160	3,334
Kurnool	74	1,476	93	1,745	97	2,049
Madras	265	11,683	281	11,435	284	12,705
Madura	98	2,319	157	2,532	171	2,614
Malabar	160	2,732	215	3,224	245	3,376
Nellore	77	1,408	57	1,140	53	925
The Nilgiris	117	3,220	183	4,530	181	3,761
Ramnad	70	2,106	108	2,284	97	2,282
Salem	168	1,924	212	2,442	207	2,389
Tanjore	102	2,168	116	2,410	102	2,256
Tinnevelly	150	3,192	164	3,892	182	4,108
Trichinopoly	51	1,320	75	1,540	85	1,652
Vizagapatam	64	1,307	72	1,578	71	1,624
Total ..	2,574	56,647	3,159	63,390		

Number of residential scholarships in schools and amount involved.

	1936–37.		1937–38.		1938–39.	
	Number of scholarships.	Amount involved.	Number of scholarships.	Amount involved.	Number of scholarships.	Amount involved.
		RS.		RS.		RS.
Madras	2	370	4	610	1	185
Tanjore	2	320	..	..	1	160
Madura	6	660	3	460	4	580
Ramnad	5	680	5	700	4	560
Tinnevelly	3	400	6	860	3	420
Salem	1	140	1	140	1	120
Coimbatore	2	280	2	240	1	120
North Arcot	1	120	..	..	..	..
Cuddapah	1	160	..	..	..	..
Godavari, East	2	260	2	280	3	380
Trichinopoly	5	660	1	120	1	120
Godavari, West	8	1,080	6	880	4	560
Malabar	2	220	5	560	6	720
Nellore	..	..	3	380	4	540
The Nilgiris	..	..	4	540	2	280
Kanara, South	..	..	..	..	3	420
Kistna	..	..	..	..	1	120

APPENDIX V.

[Vide answer to unstarred question No. 330 asked by Sri P. R. K. Sarma at the meeting of the Legislative Assembly held on the 1st April 1939, page 104 supra.]

The main recommendations of the Court of Enquiry—Action taken by Government.

Serial number and recommendation. (1)	Action taken. (2)
1 Housing of labourers	The question is under consideration. Reports on the work done by the Coimbatore and Madura municipalities have been called for. Government are assisting House Building Co-operative Societies in Coimbatore, Madura and Papanasam to provide houses for workers working in the mills in these cities.
2 Medical relief other than first aid.	The provisions of the Factories Act are adequate for the purpose.
3 Education of workers and their children.	The Commissioner of Labour has been asked to impress upon the employers the necessity to give education to workers and their children. Some employers have been doing so for years now.
4 Standing orders to be framed for the operatives in the mills.	The Southern India Mill Owners' Association has framed rules on the subject.
5 Payment of bonus to workers ..	This is a question which should be left to the discretion, financial profit, and good will of the mills.
6 Sickness, insurance, old age benefits and allied matters.	Still under consideration.
7 Payment of equal wages to women workers.	There is no difference between the rates of wages paid to men and women workers.
8 Institution of Provident Fund.	A scheme of unemployment insurance is under examination. Hence no need for a Provident Fund.
9 Protection to piece rate workers by the formation of a Works Committee.	This matter which falls within the functions of the Labour Officer proposed to be appointed shortly.
10 Formation of a Board to discharge the functions of a Labour Exchange.	Such a Board must evolve through public opinion created at e place rather than on the initiative of Government.
11 Appointment of a Labour Officer.	Orders appointing the officer will issue shortly.
12 Starting of Co-operative Societies for workers.	Still under consideration.
13 Rules regarding certification of children should be made more effective.	The appointment of Honorary Factory Inspectors will make factory inspections more effective.
14 Overlapping of shifts in mills should be prevented.	The draft amendment to the rules to give effect to the recommendation has been published in the Gazette. It has met with a storm of opposition from the interests concerned. The matter is under consideration.
15 Adolescents should be prevented from work during night.	This requires an amendment of the Factories Act. It is a matter requiring action on all-India basis.
16 Sundays must be observed as a holiday in all mills, except when substituted for a holiday.	Section 35 of the Factories Act already enjoins this.
17 Increased rates of wages should be fixed for work during night.	No action on the part of the Government is necessary at present.

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Serial number and recommendation. (1)	Action taken. (2)
18 Wages should be paid within the period of working hours.	The existing practice seems to be in accordance with this recommendation.
19 Evasions of the provisions of the Maternity Benefit Act should be prevented.	A Bill to amend the Act is being introduced in the present session of the Legislature.
20 Electric clocks should be installed in the mills.	Orders giving effect to the recommendation are under issue.
21 Statistics relating to diseases contracted by textile workers.	Rules have been amended prescribing the maintenance of records of sickness among workers.
22 Extra wages should be paid for extra work.	The Commissioner of Labour has been instructed to see to this.
23 Wages should be paid for all stoppages of work without limit of time at half the day's rate.	The Commissioner of Labour has been instructed to bring to the notice of the mill owners and to persuade them to follow the good example of certain better type of mill owners who already pay wages at full day's rate for such stoppages of work.
24 The system of unpaid apprenticeship should be abolished.	The Government have advised the mills to stop the practice.
25 Spittoons should be placed out side work rooms and separate urinals must be provided.	It was considered impracticable to give effect to the first recommendation. The existing rules were considered sufficient in respect of the second recommendation.
26 Tiffin sheds, creches and shelters for cycles should be provided.	The Commissioner of Labour has promised further report in respect of tiffin sheds and creches. In respect of shelters for cycles many mills are reported to have given effect to the recommendation.
27 Workers employed in bleacbing, dyeing and cleaning processes should be provided with masks and gloves.	In respect of masks, there are already provisions under existing rules and in respect of gloves, draft rules giving effect to the recommendation have been issued.
28 The card or ticket system of noting attendance should be adopted.	Orders have been issued to prevent abuses in the marking of attendance.
29 Dust nuisance and artificial humidification in factories should be prevented.	Section 14 of the Factories Act provides all the necessary safeguards.
30 Rules should be framed defining the duties of each worker.	The Government framed a set of model rules and have commended them to the Southern India Mill Owners' Association for adoption.
31 Women inspectors should be appointed.	The question is under consideration.
32 Jaggery should be supplied to workers in the Blow room and women maistris should be appointed in departments where women workers form more than one-third of the total number of workers.	No action was considered necessary on the first recommendation. Some mills have already appointed women maistris and the Southern India Mill Owners' Association has promised to recommend to other mills the appointment of women maistris.
33 Honorary Factory Inspectors and one or more Assistant Inspectors of Factories should be appointed.	The question of appointing Honorary Factory Inspectors is under consideration. The appointment of Assistant Inspectors has been deferred for the present.
34 A close scrutiny of claims for maternity benefit made and refused should be done by the Factory Inspectors.	Instructions have been issued directing that in future a percentage of such cases should be scrutinized.
35 Casual leave with full pay for six days for urgent reasons and sick leave for a period of nine days in a year should be granted.	The Southern India Mill Owners' Association has accepted the recommendation.
36 Schedule of wages and rates should be put up at the entrance to factories.	The payment of wages rules have been amended to give effect to this recommendation.

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APPENDIX VI.

[Vide answer to unstarred question No. 331 asked by Sri K. Saktivadivelu Gounder at the meeting of the Legislative Assembly held on the 1st April 1939, page 106 supra.]

G.O. No. 2519, Revenue, dated 26th November 1931.

Subject to the payment, in ten equal annual instalments, of the balance of land value at Rs. 30 an acre due from the grantee the Government sanction the assignment of the land specified in the schedule attached measuring 8,915 acres 62 cents in Naranathevanpatti village (II bit) of Periyakulam taluk, Madura district, to the Madras Tea Estates, Limited, for the cultivation of plantation products. The assignment will be subject to the following conditions:—

(1) The land shall be used only for the cultivation of tea, coffee and cardamoms and for the erection of any buildings or constructing any roads thereon which may be necessary for effecting and supervising such cultivation and preparing the produce for market.

(2) In areas where forest growth is cleared, the grantee shall plant one or more of the crops mentioned in condition (1) within such reasonable time as may be fixed by the Collector.

(3) In all land opened for tea cultivation, the grantee shall plant not less than 120 shade trees to the acre and shall do his best to prevent soil erosion at all times and especially during the early stages of the process of opening up the area.

(4) The grantee shall keep the boundaries clear of forest growth and maintain the survey marks in accordance with the provisions of the Madras Survey and Boundaries Act.

(5) The grantee shall pay assessment at the rate of Rs. 3 an acre on lands which have been planted with one or more of the crops mentioned above, or on which buildings have been erected, and at the rate of 10 annas an acre on the remaining area. The rates of assessment will be subject to revision at resettlements.

(6) The land shall be subject to all general taxes and local rates payable by law or custom.

(7) The existing and customary rights of the Government in streams running through the land and the right of Government to a share in mines and quarries subjacent to the said land are reserved and are in no way affected by the grant. The Government also reserve to themselves or to persons authorized by them the powers necessary for the proper working of the minerals such as the full and free liberty and right of ingress, egress and regress, etc., as detailed in Part II of the model form of mining lease in Appendix IX, Chapter VIII of the Madras Mining

Manual, subject to the payment or rendering of compensation to the surface owner for all damages that he may sustain by the exercise of such rights.

(8) The streams numbered 1 to 14 and 16 to 24 in the survey plans of the area noted in paragraph 1 above and strips of land measuring two chains in width from the edges of the streams on each bank of each of the specified streams—measuring in all approximately 979 acres—have been excluded from the grant; but the grantee shall be permitted to use for irrigating nurseries, supply of drinking-water, coffee pulping and all factory and domestic purposes (other than the generation of power, for which a separate licence should be obtained) the water of the specified streams and of the Suriliyar river surveyed as S. No. 2070.

(9) The grantee shall not fell any tree growth within a margin of 22 yards from the sources of perennial springs and seepage spots; and will do his best to preserve the forest growth in S. No. 2070 and in the strips of land referred to in condition *(8)*.

(10) No separate charge shall be made on account of the value of the trees existing on the land.

(11) The alienation of the land without the sanction of the Government to a person other than a British subject or a subject of an Indian State shall invalidate the grant.

(12) No hydro-electric scheme shall, without the previous sanction of the Government, be undertaken in connection with the land covered by the grant or any stream flowing through the area in which the land covered by the grant lies.

(13) In the event of the violation of any of the conditions of the grant, the Government shall be at liberty to resume and re-enter on any part of the land in the name of the whole and the whole land including buildings, roads, fences, trees, plants and other things attached to the land shall thereupon vest absolutely in the Government. In the event of such resumption and re-entry, the grantee shall not be entitled to any compensation whatsoever.

(14) The grantee shall allow Mr. G. S. Napier Ford of the Cloudland Estate to make and use a bridle path from the boundary of his estate in the Gantamanayakkanur Zamindari through the land covered by the grant to join the High Wavy Forest bridle path.

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2. The first instalment of land value due shall be paid on or before the 10th January 1932. The sum of Rs. 19,580 paid by the grantee over and above the initial payment at Rs. 20 per acre, should be adjusted towards the first instalment due. Each of the subsequent instalments shall be paid on or before the 1st October of the year in which it falls due.

3. The Government approve the action of the Collector of Madura in having given permission to the representative of the Madras Tea Estates, Limited, to enter upon the land for the construction of a dispensary and quarters for the labourers.

SCHEDULE.

Madura district, Periyakulam taluk, Naranathevanpatti village (II bit).

Survey number.	Extent. ACS.
2052	998·15
2057	54·65
2059-2	22·25
2060-1	1·77
2063	8,817·80
Total	9,894·62
Deduct areas of the streams Nos. 1 to 14 and 16 to 24 and the strips of land two chains in width on either side of those streams	979·00
Net area assigned	*8,915·62*

G.O. No. 1229, Revenue, dated 21st June 1934.

Subject to the payment of land value as specified in paragraph 2 below, the Government sanction the assignment of the land specified in the schedule attached measuring 979 acres in Naranathevanpatti village (II bit) of Periyakulam taluk, Madura district, to the Madras Tea Estates, Limited, for the cultivation of plantation products. The assignment will be subject to the following conditions:—

(1) The land shall be used only for the cultivation of tea, coffee and cardamoms and for the erection of any buildings or constructing any roads thereon which may be necessary for effecting and supervising such cultivation and preparing the produce for market:

Provided that no tea is to be planted without the specific sanction of Government for so long as such planting is prohibited by any provision of law or by the orders of the Government of India or of this Government.

(2) In areas where forest growth is cleared, the grantee shall plant one or more of the crops mentioned in condition (1) within such reasonable time as may be fixed by the Collector.

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(3) The grantee shall keep the boundaries clear of forest growth and maintain the survey marks in accordance with the provisions of the Madras Survey and Boundaries Act.

(4) The grantee shall pay assessment at the rate of Rs. 3 an acre on lands which have been planted with one or more of the crops mentioned above, or on which buildings have been erected, and at the rate of 10 annas an acre on the remaining area. The rates of assessment will be subject to revision at resettlements.

(5) The land shall be subject to all general taxes and local rates payable by law or custom.

(6) The Government reserve to themselves their right to a share in mines and quarries subjacent to the land. They also reserve to themselves or to persons authorized by them the powers necessary for the proper working of the minerals such as the full and free liberty and right of ingress, egress and regress, etc., as detailed in Part II of the model form of mining lease in Appendix IX, Chapter VIII, of the Madras Mining Manual subject to the payment or rendering of compensation to the surface owner for all damages that he may sustain by the exercise of such rights.

(7) The existing and customary rights of Government in existing rivers, streams and channels and all rights of Government in and control over head-waters, waterfalls and rivers, streams and channels, respectively, running through or bounding or affecting in any way the lands hereby granted are reserved and are in no way affected by this order of assignment or anything herein contained:

Provided that the grantee shall be permitted to use for irrigating nurseries, supply of drinking water, coffee pulping and all factory and domestic purposes (other than the generation of power for which a separate licence should be obtained) the water of the rivers, streams and channels including that of the Suruliyar river surveyed as S. No. 2070.

(8) The grantee shall not fell any tree growth within a margin of 22 yards from the sources of perennial springs and seepage spots; and will do his best to preserve the forest growth in S. No. 2070.

(9) No charge shall be made on account of the value of the trees existing on the land.

(10) The alienation of the land without the sanction of the Government to a person other than a British subject or a subject of an Indian State shall invalidate the grant.

(11) No hydro-electric scheme shall, without the previous sanction of the Government, be undertaken in connexion with the land covered by the grant or any stream flowing through the area in which the land covered by the grant lies.

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(12) In the event of the violation of any of the conditions of the grant, the Government shall be at liberty to resume and re-enter on any part of the land in the name of the whole and the whole land including buildings, roads, fences, trees, plants and other things attached to the land shall thereupon vest absolutely in the Government. In the event of such resumption and re-entry, the grantee shall not be entitled to any compensation whatsoever.

(13) The grantee shall allow Mr. G. S. Napier Ford of the Cloudland Estate to make and use a bridle path from the boundary of his estate in Gantamanayakkanur Zamindari through the land covered by the grant to join the High Wavy Forest bridle path.

2. The Madras Tea Estates, Limited, should pay land value on the extent of 979 acres at Rs. 50 an acre. The payment of land value will be postponed till the restrictions on the cultivation of tea are removed. The land value shall then become payable at the rate of Rs. 20 an acre immediately after the restrictions are removed and the balance of Rs. 30 in instalments spread over a period of 10 years. Till then the company shall pay assessment at 10 annas an acre on the entire area except on the extent built upon which shall be liable to pay assessment at the rate of Rs. 3 an acre. If, however, coffee or cardamoms are planted on any part of the area the land value on the area so planted shall become payable at Rs. 20 immediately and the balance in ten annual instalments notwithstanding the continuance of the Indian Tea Control Act. The assessment on the area cultivated with coffee or cardamoms will be levied at the rate of Rs. 3 an acre (i.e.), the rate for developed lands.

Schedule.

Areas of the streams Nos. 1 to 14 and 16 to 24 marked in the survey plans of the area assigned in G.O. No. 2519, Revenue, dated 26th November 1931, and the strips of land two chains in width on either side of those streams.

APPENDIX VII.

[Vide answer to unstarred question No. 334 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 1st April 1939, page 108 supra,]

Statement.

Rates for the removal of a cart-load of green manure leaf from the forests under the control of the Forest Department.

Serial number and revenue district.	Forest division.	Departmental rate per cart-load.	Contractors' rate per cart-load.	Panchayat rates for cart-load.
		RS. A. P.	RS. A. P.	
1 Nellore ..	Nellore	2 0 0	..	Varies from As. 4 to As. 10.
2 Kurnool ..	Kurnool East and Kurnool West.	2 0 0	..	Re. 1.
3 Anantapur ..	Anantapur ..	2 0 0	..	Re. 1.
4 Cuddapah ..	Cuddapah North ..	1 0 0	1 0 0	Varies from As. 8 to Rs. 1-8-0.
	Cuddapah South ..	1 0 0	..	..
5 Chingleput ..	Nellore	1 8 0	..	Varies from As. 5 to Re. 1-4-0.
6 Chittoor ..	Chittoor	1 4 0	..	Varies from As. 8 to Re. 1.
	Anantapur	2 0 0	..	..
7 South Arcot ..	Salem South and Vellore East.	2 0 0 Varies from Rs. 1-4-0 to Rs. 2.	1 4 0 Varies from As. 8 to Rs. 2.	Re. 1-4-0.
8 North Arcot ..	Vellore West ..	..	1 4 0	Varies from As. 8 to Rs. 2.
	Vellore East ..	Varies from Rs. 1-4-0 to Rs. 2.	Varies from As. 8 to Rs. 2.	..
9 Salem	Salem North, Salem South and Central.	2 0 0	1 4 0	Varies from As. 5 to As. 15.
10 Trichinopoly ..	Salem South ..	2 0 0	1 4 0	Varies from As. 4 to Rs. 1-8-0.
	Madura	..	Varies from As. 8 to Rs. 2.	..
11 Madura ..	Madura	..	Varies from As. 8 to Rs. 2.	Varies from As. 5 to Re. 1.
12 Ramnad ..	Tinnevelly ..	3 2 0	..	Pies 6 per head load.
13 Tinnevelly ..	Tinnevelly ..	3 2 0	..	As. 10.
14 South Kanara..	Kanara South ..	..	0 10 0	As. 8.

NOTE.—In the revenue districts not included in the list above, there is either no demand or the removal has been prohibited.

APPENDIX VIII.

[Vide answer to unstarred question No. 336 asked by Sri Muthu Kr. Ar. Kr. Arunachalam Chettiyar at the meeting of the Legislative Assembly held on the 1st April 1939, page 109 supra.]

Statement I.

Statement furnishing particulars regarding residential Harijan schools in Ramnad district.

Number of schools.	Places where they are located.	Number of pupils boys and girls.	Agencies which maintain them.	Help which the Government render them.
2	Devakottai ..	16	Gandhi Harijan Sevak Sangh, Devakottai.	The school has been admitted to aid by the District Educational Council during 1938–39. The Government have also decided to give a boarding grant in 1939–40 of Rs. 350 for the students of the hostel.
..	*Karaikudi* ..	32 (only 20 residing at the school hostel).	*Karaikudi Muncipality.*	*Nil.*

Statement II.

Statement furnishing particulars regarding non-residential Harijan schools in Ramnad district.

Number of schools.	Serial number and places where they are located.	Number of pupils. Boys.	Girls.	Agencies which maintain them.	Help which the Government render them.
I. Sattur taluk—					
40	(1) Urampatti Board ..	34	5	District Board ..	Pay a lump amount into the Elementary Education Fund.
	(2) Govindanallur Board ..	29	9	Do. ..	Do.
	(3) Anaiyur Thulukkapatti.	11	6	Do. ..	Do.
	(4) Pallapatti	30	..	Do. ..	Do.
	(5) Lakshmipuram ..	10	9	Do. ..	Do.

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Statement furnishing particulars regarding non-residential Harijan schools in Ramnad district - *cont.*

Number of schools.	Serial number and places where they are located.	Number of pupils. Boys.	Girls.	Agencies which maintain them.	Help which the Government render them.
	I. Sattur taluk—*cont.*				
	(6) Periyapottapatti V.P.	27	4	Village Panchayat.	Teaching grant paid by the Inspector of Local Boards.
	(7) Sinnodaipatti V.P. ..	17	4	Do.	Do.
	(8) Virapandyapuram V.P.	18	7	Do.	Do.
	(9) Nallamuthanpatti C.M.S.	30	6	T.D.T.A.C.M S.	Do.
	(10) Thiruvengadapuram ..	41	15	Do.	Do.
	(11) Ellinganaickanpatti ..	24	7	Do.	Do.
	(12) Pavali C.M.S.	23	6	Do.	Do
	(13) Kuppampatti C.M.S. ..	21	1	Do.	Teaching grant paid with reference to section 42 (2) of the Elementary Education Act.
	(14) Elumichankoilpatti ..	18	6	Do.	Do.
	(15) Panayadipatti C.M.S. ..	17	12	Do.	Do.
	(16) Kottamadakkipatti C.M.S.	21	3	Do.	Do.
	(17) Kanjampatti C.M.S. ..	26	4	Do.	Do.
	(18) Mettukundu C.M.S. ..	16	5	C.S.M.	Do.
	(19) Rosalpatti C.S.M. ..	23	3	Do.	Do.
	(20) Chinnaperali C.S.M. ..	61	8	Do.	Do.
	(21) Umathevanpatti S.B.M.	15	5	S.B.M.	Do.
	(22) Melapudur S.B.M. ..	31	17	Do.	Do.
	(23) Valayapatti S.B.M. ..	20	9	Do.	Do.
	(24) Ramathevanpatti S.B.M.	18	12	Do.	Do.
	(25) Ambinagaram S.B.M	17	12	Do.	Do.
	(26) Thiruvengadapuram R.C.	29	8	R.C. Mission ..	Do.
	(27) Mathankoilpatti R.C. ..	49	14	Do. ..	Do.
	(28) Meenampatti R.C. ..	42	11	Do. ..	Do.
	(29) Mettur Doraiswamipuram.	19	5	Do. ..	Do.
	(30) Achangulam R.C. ..	20	13	Do. ..	Do.
	(31) Muthulingapuram R.C.	44	24	Do. ..	Do.
	(32) Nadusurangudi R.C. ..	20	8	Do. ..	Do.
	(33) Sattur R.C.	62	2	Do. ..	Do.
	(34) Maniampatti R.C. ..	21	11	Do. ..	Do.
	(35) Appayanaickanpatti S.M.	23	6	Sholapuram Mission.	Do.
	(36) Shanmugapuram ..	16	9	Non-Mission (private).	Do.
	(37) Thulukkapatti	34	6	Do	Do.
	(38) Mamsapuram	28	3	Do.	Do.
	(39) Idayankulam	23	4	Do.	Do.
	(40) Krishnapuram	25	5	Do.	Do.
	II. Tiruvadanai taluk—				
1	(1) Vallamadai	33	11	District Board ..	Local Funds.
	III. Mudukulathur taluk—				
2	(1) Mandalamanikkam ..	29	3	District Board ..	Local Funds.
	(2) Abiramam	36	14	Do. ..	Do.

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Statement furnishing particulars regarding non-residential Harijan schools in Ramnad district—*cont.*

Number of schools.	Serial number and places where they are located.	Number of pupils. Boys.	Girls.	Agencies which maintain them.	Help which the Government render them.
IV. Aruppukottai taluk—					
14	(1) Kanjanaickanpatti ..	14	2	Aided Mission ..	Government teaching grant.
	(2) Gopalapuram	30	6	Do. ..	Do.
	(3) Surampatti	32	7	Do. ..	Do.
	(4) Paralachi R.C. ..	26	..	Do. ..	Do.
	(5) Paralachi A.M.C.C. ..	40	2	Do. ..	Do.
	(6) Salaimaraikulam ..	15	3	Do. ..	Do.
	(7) Sethupuram	12	..	Do. ..	Do.
	(8) Pallimadam C.S.M. ..	15	1	Do. ..	Do.
	(9) Melendal C.S.M. ..	26	10	Do. ..	Do.
	(10) Velanurani A.M.C.C. ..	27	6	Do. ..	Do.
	(11) Sandayur R.C.	11	..	Do. ..	Do.
	(12) Mela hulukkankulam ..	24	8	Do. ..	Do.
	(13) K. Karisalkulam Hindu.	11	1	Aided Non-Mission.	Do.
	(14) Aruppukottai P.W.I. ..	5	..	Do	Do
V. Srivilliputtur taluk—					
47	(1) Rajapalayam A.D. ..	32	10	*District Board* ..	*Local* Funds subsidized by Government.
	(2) Seithur Board A.D. ..	39	7	Do. ..	Do.
	(3) Therukuvenganallur A.D.	14	2	Do. ..	Do.
	(4) Sundarapandiyam A.D.	30	3	Do. ..	Do.
	(5) Panchampatti A.D. ..	28	8	Do. ..	Do.
	(6) Watrap A.D.	24	6	Do. ..	Do.
	(7) Sivagnanapuram R.C. ..	90	..	R.C. Mission ..	Government teaching grant.
	(8) Nathampatti R.C. ..	32	..	Do. ..	Do.
	(9) Sallipatti R.C.	19	1	Do. ..	Do.
	(10) Pudupalayam R.C. ..	62	13	Do. ..	Do.
	(11) Devadanam R.C. ..	21	10	Do. ..	Do.
	(12) Chockanathamputhur R.C.	27	5	Do. ..	Do.
	(13) Gopalapuram R.C. ..	37	12	Do. ..	Do.
	(14) Kadaneri R.C	27	..	Do. ..	Do.
	(15) Ayankollankondan R.C.	20	8	Do. ..	Do.
	(16) Pudupatti R.C. ..	67	..	Do. ..	Do.
	(17) Lakshmipuram R.C. ..	39	26	Do. ..	Do.
	(18) Sundarajapuram R.C. ..	55	7	Do. ..	Do.
	(19) Pattakulam C.M.S. ..	26	7	Church Mission Society.	Do.
	(20) Somayapuram	17	14	Do.	Do.
	(21) Alagudevendrapuram C.M.S.	38	9	Do.	Do.
	(22) Nackaneri C.M.S. ..	50	21	Do.	Do.
	(23) Kontharayankulam C.M.S.	20	7	Do.	Do.
	(24) Krishnamarajapalayam.	22	8	Do.	Do
	(25) Desigapuram C.M.S. ..	47	13	Do.	Do.
	(26) Kottaipatti C.M.S. ..	19	9	Do.	Do.
	(27) Christianpatti S.M. ..	31	19	Sholapuram Mission.	Do.

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Statement furnishing particulars regarding non-residential Harijan schools in Ramnad district—*cont.*

Number of schools.	Serial number and places where they are located.	Number of pupils. Boys.	Girls.	Agencies which maintain them.	Help which the Government render them.
	V. Srivilliputtur taluk—*cont.*				
	(28) Mount Zion S.M. ..	77	17	Shotapuram Mission.	Government teaching grant.
	(29) Kottaipatti S.M. ..	19	1	Do.	Do.
	(30) Watrap C.S.M. ..	39	5	Church of Sweden Mission.	Do.
	(31) Idayankulam A.D. ..	56	7	Non-Mission (Private).	Do.
	(32) Alagapuri A.D. ..	25	28	Non-mission (Private).	Do.
	(33) Mangapuram A.D. ..	43	9	Do.	Do.
	(34) Mamsapuram Keelapatti.	54	5	Do.	Do.
	(35) Khansapuram A.D. ..	17	3	Do.	Do.
	(36) Narayankulam A.D ..	34	8	Do.	Do.
	(37) Alathur A.D.	41	6	Do.	Do.
	(38) Melasinvandhipatti A.D.	43	2	Do.	Do.
	(39) Meelapottalpatti A.D.	61	7	Do.	Do.
	(40) Samsigapuram A.D. ..	30	5	Do.	Do.
	(41) Mudukudi	24	..	Do.	Do.
	(42) Kalyanipuram	45	7	Do.	Do.
	(43) Thriukothiapuram ..	21	10	Do.	Do.
	(44) Pudupatti A.D. ..	31	2	Do.	Do.
	(45) Kottaiyur A.D. ..	70	3	Do.	Do.
	(46) Sundararajapuram Saraswathi A.D.	19	11	Do.	Do.
	(47) Alagapuri North A.D. ..	28	9	Do.	Do.
	VI. Tirupathur taluk—				
3	(1) Amaravathipudur ..	25	3	District Board ..	Local Funds subsidized by Government.
	(2) Chadurvedamangalam C.S.M.	37	17	C.S.M. Mission ..	Government teaching grant.
	(3) Kanadukathan ..	31	6	Non-Mission (Private).	Do.

VII. Ramnad cum Paramakudi taluks—Nil.

VIII. Sivaganga taluk—Nil.

APPENDIX IX.

[Vide answer to unstarred question No. 341 asked by Sri D. Ramalinga Reddiyar at the meeting of the Legislative Assembly held on the 1st April 1939, page 114 supra.]

Statement.

Number of Assistant Panchayat Officers.	Qualification.	Headquarters of the Assistant Panchayat Officer.	Whether the Assistant Panchayat Officer had any training before his entertainment.	Number of panchayat boards audited by the Assistant Panchayat Officer. 1936–37.	1937–38.	Number of panchayat boards under the jurisdiction of the Assistant Panchayat Officer.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Anantapur district.			
One	B.A. Account Test ..	Penukonda	....	89	123	104
			North Arcot district.			
Six	(1) B.A. Account Test I ..	Ranipet	....	103	73	104
	(2) M.A. Account Test I ..	Tirupattur	....	101	101	103
	(3) B.A. B.L. Account Test I.	Ambur	....	107	65	106
	(4) Inter. Account Test I.	Wandiwash	....	147	73	147
	(5) B.A. Account Test I.	Cheyyar	....	134	53	134
	(6) B.A. Account Test I ..	Tiruvannamalai	....	210	98	211
			South Arcot district.			
Two	(1) B.A. B.L. Account Test I.	Kallakurichi	Was clerk for two years and two months ..		94	112
	(2) M.A. Account Test I ..	Cuddalore	Was clerk and licence inspector for one year.	..	Recently appointed.	95
			Bellary district.			
One	S.S.L.C. passed parts I and II of Inter. examination.	Bellary	Worked as supervisor of panchayats from 18th April 1932.	52	92	90
			Chingleput district.			
Three	(1) B.A.	Tiruvallur	....	111	87	97
	(2) M.A.	Sriperumbudur	....	90	92	95
	(3) B.A.	Madurantakam	....	114	111	120

			Chittoor district.			
Two	(1) B.A., Economics	Renigunta	....	82	111	103
	(2) B.A.	Palmaner	....	77	93	75
			Coimbatore district.			
One	B.A., Account Test I and II.	Dharapuram	Ex-clerk of the ex-Avanashi Taluk Board—was Assistant Panchayat Officer from 1st April to 31st May 1934.	68	96	101
			Cuddapah district.			
One	B.A.	Proddatur	Was temporary clerk in the District Board office from 9th May to 31st October 1938.	Recently appointed.	..	66
			East Godavari district.			
Two	(1) B.A., Account Test I.	Ramachandrapuram	Worked as Supervisor of Panchayats from 20th February 1932 to 1st November 1934.	81	80	78
	(2) B.A. Hons., Account Test.	Amalapuram	....	84	107	15
			West Godavari district.			
Two	(1) Matriculate	Narsapur	Underwent Rural Reconstruction training, worked as clerk, Ellore Taluk Board office, was Rural Reconstruction Supervisor under West Godavari District Board from 23rd April 1930 to 31st October 1935.	124	147	175
	(2) B.A.	Tadepalligudem	Underwent training in Rural Sanitation worked as Rural Reconstruction Supervisor from 9th May 1930 to 31st October 1935.	75	92	112
			Guntur district.			
Five	(1) B.A.	Guntur	....	92	96	79
	(2) B.A.	Tenali	Was clerk in the District Board office	88	88	133
	(3) B.Sc.	Bapatla	....	Information not available.	109	100
	(4) B.A.	Vinukonda	....	Do.	109	116
	(5) B.A.	Narasaraopet	....	Recently appointed.	..	125
			South Kanara district.			
One	B.A., Account Test I	Karkal	Worked as temporary clerk under District Panchayat Officer from 1st February 1934 to 9th May 1935.	75	76	91
			Kurnool district.			
One	B.A.	Panyam	Was clerk in the District Board Engineer's office, District Health Officer's office and District Board office.	68	94	50
			Madura district.			
One	B.A.	Madura	....	49	77	Has no separate jurisdiction.

Number of Assistant Panchayat Officers. (1)	Qualifications. (2)	Headquarters of the Assistant Panchayat Officer. (3)	Whether the Assistant Panchayat Officer had any training before his entertainment. (4)	Number of panchayat boards audited by the Assistant Panchayat Officer. 1936–37. (5)	1937–38. (6)	Panchayat boards under the jurisdiction of the Assistant Panchayat Officer. (7)
			Nellore district.			
Two	(1) B.A.	Nellore for the present	....	51	98	141
	(2) B.A., B.L.	Do.		Recently appointed.	..	114
			The Nilgiris district.			
One	B.A.	Ootacamund	Was clerk of the District Board office for 3½ years.	Post newly created.		
			Ramnad district.			
One	B.A., Account Test	Sattur	Worked as clerk in the District Board office from 1st December 1932 to 20th December 1938.	Newly appointed.	..	No separate jurisdiction.
			Salem district.			
Four	(1) B.A.	Namakkal	....	72	78	112
	(2) B.A.	Harur	Was clerk in the Forest Department	100	103	105
	(3) B.A., B.L.	Dharmapuri	....	92	97	113
	(4) B.A.	Krishnagiri	Was a teacher in the Board High School, Namakkal.	115	124	133
			Tanjore district.			
Four	(1) B.A., Account Test	Nannilam	Worked in the Cuddalore District Board office as clerk and as D and O. Trades Inspector from 20th September 1935 to 14th May 1938.	Recently appointed.	..	125
	(2) B.A., Account Test	Shiyali	....	76	67	98
	(3) B.A.	Papanasam	Was an acting clerk in the West Tanjore District Board office.	Recently appointed.	..	97
	(4) B.A., Account Test	Mannargudi	Was clerk in the Pattukottai Taluk Board office from 31st August 1932 to 1st November 1933.	81	96	114
			Tirunelveli district.			
One	B.A., B.L.	Kovilpatti	....	48	65	52
			Trichinopoly district.			
Two	(1) B.A.	Kulittalai	Was clerk in the District Board office.	26	78	86
	(2) B.A.	Ariyalur	....	32	96	102
			Vizagapatam district.			
One	B.A., B.L., Account Test I.	Bobbili	....	25	41	Jurisdiction is being fixed.
One	B.A., Account Test I.	Vizagapatam	....	14	26	Do.
			Kistna district.			

APPENDIX X.

[Vide answer to unstarred question No. 343 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 1st April 1939, page 116 supra.]

Statement.

		Mangoes.		Plaintains—Rail.	Pears—Rail.	Limes.		Oranges—Rail.
		Rail.	Sea.			Rail.	Sea.	
(1) Quantity of fruits exported from Madras Presidency (Railway maunds).								
1934–35	..	Not available.	38,380	230,420	2,400	115,000	1,950	5,000
1935–36	..	400,000	55,840	1,98,460	4,100	115,450	1,910	6,000
1936–37	..	476,600	38,480	2,06,040	4,500	108,270	7,460	7,200
1937–38	..	661,620	45,640	(2,5[illegible])	..	..	..	..
1938–39	..	441,580	32,720	..	..	..	..	..
(2) Approximate value of fruits exported from Madras Presidency (Rupees).								
1934–35	..	Not available.	286,500	287,000	800	4,60,000	10,750	16,000
1935–36	..	32,00,000	416,300	248,000	1,400	4,63,380	11,800	18,000
1936–37	..	36,00,000	281,000	257,000	1,500	4,71,440	38,360	25,000
1937–38	..	[illegible]	[illegible]	(312,000)	..	..	..	..
1938–39	..	4,416,000	227,200	..	..	..	..	..

(Figures within brackets are estimates.) (Figures for other fruits not available.)

APPENDIX XI.

[Vide answer to unstarred question No. 344 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 1st April 1939, page 117 supra].

Statement showing the total revenue and the total expenditure on revenue account for each of the districts of the Province of Madras for the financial year 1936–37.

Name of district.	Revenue.	Expenditure.
	RS.	RS.
	LAKHS.	LAKHS.
Vizagapatam	63·92	66·38
Godavari East	85·51	55·11
Godavari West	63·73	29·78
Kistna	68·44	41·13
Guntur	77·45	46·50
Nellore	40·16	38·37
Cuddapah	27·10	27·40
Anantapur	30·84	28·00
Bellary	35·66	32·16
Kurnool	40·69	32·70
Chingleput	49·91	46·57
Chittoor	25·80	28·64
North Arcot	61·14	51·26
South Arcot	81·98	46·45
Tanjore	121·74	66·65
Trichinopoly	62·06	49·69
Madura	69·55	52·48
Ramnad	36·69	35·41
Tinnevelly	57·27	48·40
Coimbatore	85·69	63·86
The Nilgiris	12·08	18·97
Salem	67·39	47·63
South Kanara	46·63	35·47
Malabar	79·15	[illegible]

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APPENDIX XII.

[Vide answer to unstarred question No. 345 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 1st April 1939, page 118 supra.]

Statement giving a list of tobacco, beedi and cigarette factories in this Province coming under the operation of the Indian Factories Act.

	Number of hands employed.
TOBACCO.	
1 Ambal & Co., Sowcarpet, Madras	63
2 Majeti Srisailam Panakalu & Co., Tobacco Re-drying Factory, Guntur	447
3 T. Venkatappayya & Sons, Tobacco Re-drying Factory, Guntur	286
4 Boorugu Viswanatham Brothers, Tobacco Re-drying Factory, Guntur	225
5 Indian Leaf Tobacco Development Company, Limitted Chirala, Guntur district..	2,532
6 T. P. Marudaya Pillai Sons, Cigar Factory, Tanjore.	53
7 Spencer's Cigar Factory, Dindigul, Madura district.	237
8 Angu Vilas Tobacco Works, Dindigul, Madura district	94
BEEDI FACTORIES.	
1 A. Abdul Wahab Beedi Factory, Gudiyattam, North Arcot	..
2 P. A. Razack and Jabbar Sahib Beedi Factory, Gudiyattam	..
3 K. Hajee Abdul Wahab Sahib Beedi Factory, Gudiyattam	..
4 S. A. Sattar Sahib and K. A. Khader Beedi Factory, Gudiyattam	..
5 The Madras Beedi Factory, Limited, Gudiyattam.	..
6 M. Kandaswami Mudaliyar, Nenili and Valu Mark Beedi Factory, Chittoor, Chittoor district ..	29
7 K. B. Abdul Khader Beedi Factory, Punganur, Chittoor district	18
8 Double Horse Mark Ummer Beedi Factory, Punganur	..
9 P. V. Ramachandra Rao's Beedi Factory, Kalahasti, Chittoor district	47
10 Koneti Sriramulu Round-table Beedi Factory, Kalahasti	..
11 Jangam Rangayya Chetti Beedi Factory, Kalahasti	..
12 S. Muhammad Ghouse Rajah Beedi Factory, Kalahasti	16

		Number of hands employed.
	BEEDI FACTORIES—*cont.*	
13	S. Buchi Reddi and Ghulam Hussain Beedi Factory, Kurnool	..
14	Fox Mark Beedi Factory, Kurnool	..
15	Lion Brand Beedi Factory, Palghat, Malabar district	..
16	No. 5 Photo Mark Beedi Factory, Palghat	..
17	K.A.M. Double Pigeon Mark Beedi Factory, Palghat.	..
18	M.B.R.V. & Co., Beedi Factory, Palghat	..
19	P. K. Abdulla & Co., Beedi Factory, Ponnani, Malabar district	30
20	E.S.K. & Co., Globesun and Goldflake Beedi Factory, Ponnani	..
21	Chathambali Beedi Factory, Cannanore, Malabar ..	..
22	Mangalore Maharaja Minor Beedi Factory, Cannanore	..
23	Nalam Veetil Kelan Beedi Factory, Cannanore ..	..
24	P. Ahmed Beedi Factory, Cannanore	..
25	M. K. Krishnan Beedi Factory No. 1, Cannanore.	..
26	M. K. Krishnan Beedi Factory No. 2, Cannanore ..	..
27	M. Fakrudeen Sahib Lakshmi Mark Beedi Factory, Erode, Coimbatore	39
28	R. Perianna Gounder Mayil Mark Beedi Factory, Erode	..
29	Kuil Beedi Factory, Palladam, Coimbatore district.	69
30	A. K. Azeez Gopal Mark Beedi Factory, Palladam.	19
31	P. M. Abdul Subhan Sahib Nari Mark Beedi Factory, Palladam	..
32	S. P. S. Majid Mark Beedi Factory, Coimbatore, Coimbatore district	83
33	A. K. Bazzid Khan Clover Mark Beedi Factory, Coimbatore	29
34	K. M. Jaffar Sahib Ship Brand Beedi Factory, Coimbatore	85
35	S. P. S. M. Mohammed Ismail Rowther Star Mark Beedi Factory, Coimbatore	84
36	Sivan Mark Beedi Factory, Coimbatore	36
37	Haji M. Syed Amir Sahib Sons Beedi Factory, Salem, Salem district	..
38	Diwan Mohideen Beedi Factory, Salem	..
39	T. M. K. Beedi Factory, Rasipuram, Salem district.	45
40	M. Sabjan A. S. Abdul Basheer Beedi Factory, Denkanikotta, Salem district	..
41	K. Abdul Samad Sahib Beedi Factory, Trichinopoly, Trichinopoly district	..
42	K. Abdul Samad Sahib Beedi Factory, Trichinopoly,	..

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	Number of hands employed.
BEEDI FACTORIES—*cont.*	
43 T. S. Sami and Company Beedi Factory, Trichinopoly	..
44 National No. 114 Indian Lion Brand Beedi Factory, Trichinopoly	190
45 M. K. Peer Mohideen Beedi Factory, Trichinopoly.	17
46 Union and Company, Minor Jadi Beedi Factory, Trichinopoly	..
47 M.S.N. Company, Beedi Factory, Trichinopoly ..	.
CIGARETTE MANUFACTURE.	
1 Bezwada Tobacco Company, Bezwada, Kistna district	151

THE MADRAS LEGISLATIVE ASSEMBLY.

Monday, 3rd April, 1939.

The House met in the Assembly Building, Chepauk, at three of the clock,* Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I.—SWEARING IN OF NEW MEMBER.

SRI CHANDRA VENKATA REDDI was sworn in.

II.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Expenditure incurred on account of the Viceroy's visit in 1938.

* 1143 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Prime Minister be pleased to state the total expenditure incurred by the Government in connexion with His Excellency the Viceroy's visit in 1938 and how much under each head?

THE HON. SRI C. RAJAGOPALACHARIAR:—" A statement [a] is laid on the table. The total expenditure came to Rs. 37,565–5–2."

Abolition of the Excise department and transfer of its duties to the Police Department.

* 1144 *Q.*—SRI M. G. NATESA CHETTIYAR: Will the Hon. the Prime Minister be pleased to state—

(*a*) whether there is a proposal under the consideration of the Government to abolish the Excise department, as a whole, and add on its duties to the Police department; and

(*b*) whether the Government have obtained an estimate of what the saving would be if and when the abolition of Excise department, as a whole, is effected?

THE HON. SRI C. RAJAGOPALACHARIAR:—" (*a*) There is no such proposal as stated, but the question is bound up with the progress of prohibition.

" (*b*) In view of the answer to (*a*) this question does not now arise."

Installation of electric lights and fans in the mufassal courts.

* 1145 *Q.*—SRI P. MADHAVAN: Will the Hon. the Minister for Law be pleased to state whether it is in the contemplation of the Government to install electric lights and fans in the mufassal courts, wherever power is available?

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a Printed as Appendix I on page 258 infra.

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THE HON. DR. P. SUBBARAYAN :—" Proposals for the provision of electric installation in Government buildings are ordinarily considered only in cases where the offices concerned habitually work after dark, or in which the cost of oil-lighting and punka-pulling is greater than the estimated cost of electric energy together with interest on capital and depreciation. Proposals received from the High Court to provide electric installation in civil court buildings in places where electric energy is available, are considered and sanctioned on the merits of each case. There is no general proposal such as that referred to in the question, under the consideration of the Government."

SRI G. KRISHNA RAO :—" May I know, Sir, if there is a thing called ' official summer ' which starts on the 1st April when only the fans in certain branches of the office can be started agoing? "

THE HON. DR. P. SUBBARAYAN :—" I was not aware of any such thing as ' official summer ' till I got the information from the hon. Member."

Unsatisfactory management of the affairs of the Chengam temple.

* 1146 Q.—SRI N. ANNAMALAI PILLAI: Will the Hon. the Minister for Public Health be pleased to state—

(a) whether representations have been made to Government that the affairs of the Chengam temple are unsatisfactory and need a thorough enquiry;

(b) whether a notification regarding the appointment of an Executive Officer was made by the Government;

(c) whether it was cancelled, giving the trustees again time for six months for rectification; and

(d) whether the Government would take steps to remove the present trustees for unsatisfactory work?

THE HON. DR. T. S. S. RAJAN :—" (a) Yes.

" (b) The Hindu Religious Endowments Board started notification proceedings under section 65-A of the Act.

" (c) The Hindu Religious Endowments Board adjourned the notification proceedings for six months at the request of the trustees.

" (d) Under the Hindu Religious Endowments Act, the Government have no power of interference in the appointment and removal of trustees of temples."

SRI V. M. RAMASWAMI MUDALIYAR :—" May I ask, Sir, why the Hindu Religious Endowments Board after having started notification proceedings again adjourned? "

THE HON. DR. T. S. S. RAJAN :—" There was first a hearing of the case. During the conduct of the case the trustees appeared before the Board and laid a statement of expenditure before the Board and the Board was satisfied that the accounts were properly maintained, and the trustees have been given a period of six months, at the end of which period a report is called for."

SRI T. T. KRISHNAMACHARIAR :—" Arising out of the answer given by the Hon. Minister I would like to know if the Hindu Religious Endowments Board which controls the affairs of temples stands suspended in regard to this particular temple? "

THE HON. DR. T. S. S. RAJAN :—" I really do not understand the question of the hon. Member? " (Laughter.)

MR. SPEAKER :—" It is a humorous question and it has to be humorously answered." (Laughter.)

THE HON. DR. T. S. S. RAJAN :—" I am sorry I have not been able to catch the humour."

MR. SPEAKER :—" The hon. Member will repeat his supplementary question."

SRI T. T. KRISHNAMACHARIAR :—" May I ask, Sir, whether the Hindu Religious Endowments Board stands suspended in respect of this particular temple? "

THE HON. DR. T. S. S. RAJAN :—" I am not able still to follow the implications of the question asked. But I can give this information to the hon. Member. The Hindu Religious Endowments Board exercises the same function with regard to this temple as it does with regard to any other temple under its control."

MR. SPEAKER :—" The hon. Member Mr. Sattanatha Karayalar who has given notice of question No. 1147 is absent and therefore the question need not be answered."

SRI V. M. RAMASWAMI MUDALIYAR :—" In view of the public importance of the question, as it affects the inconvenience or convenience of so many persons, I request, Sir, the question may be answered."

MR. SPEAKER :—" No, the hon. Member should at least have intimated to me . . ."

SRI V. M. RAMASWAMI MUDALIYAR :—" I would appeal to you Sir . . ."

MR. SPEAKER :—" Hereafter if any hon. Member absents himself but wants the question to be answered he should authorize another hon. Member in writing to put the question on his behalf."

ABDUL HAMEED KHAN SAHIB BAHADUR :—" Sir, in view of the fact that the hot season has now begun the question is important and therefore it may be answered." *(Laughter.)*

MR. SPEAKER:—" The hon. Leader of the Muslim Group has made out a case (Laughter) and so the question may be answered."

Electric fans in the General Hospital, Madras.

* 1147 *Q.*—SRI L. SATTANATHA KARAYALAR: Will the Hon. the Minister for Public Health be pleased to state whether, except in the case of paying wards, fans are not allowed in the wards of the General Hospital?

THE HON. DR. T. S. S. RAJAN:—" Fans are allowed in the general wards of the General Hospital during the hot weather, i.e., from the middle of March to the end of October. They are allowed to run during the following hours:—

(1) From 15th March to 14th April—From 10 a.m. to 5 p.m. and from 10 p.m. to 4 a.m.

(2) From 15th April to the end of October—From 9 a.m. to 6 p.m. and from 9 p.m. to 4 a.m."

1148 *Q.*[a]—

Publication of the survey report of the Chodavaram and Ellavaram Agency Division, East Godavari district.

* 1149 *Q.*—SRI GRANDHI VENKATA REDDI on behalf of Mir Akram Ali Sahib Bahadur: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether the Government have called for a survey report of the Chodavaram and Ellavaram Agency Division of the East Godavari district;

(*b*) if so, whether the report will be placed on the table of the House; and

(*c*) whether the Government propose to act upon the recommendations in the report?

THE HON. SRI V. I. MUNISWAMI PILLAI:—" (*a*), (*b*) & (*c*) If the hon. Member refers to the report of the Agricultural Officer deputed to survey these areas to select a site for a fruit farm, his attention is invited to the answer to question No. 1148."

SRI K. V. R. SWAMI:—" Will the report be placed on the table of the House, Sir? "

THE HON. SRI V. I. MUNISWAMI PILLAI:—" I think it is unnecessary."

SRI K. V. R. SWAMI:—" Have Government considered the report up till now? "

THE HON. SRI V. I. MUNISWAMI PILLAI:—" Yes, Sir."

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[a] Vide page 230 infra.

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SRI K. V. R. SWAMI:—"May I know what is it they have done on the report?"

THE HON. SRI V. I. MUNISWAMI PILLAI:—"I have asked the Director of Agriculture to submit proposals."

SRI K. V. R. SWAMI:—"Regarding what?"

THE HON. SRI V. I. MUNISWAMI PILLAI:—"For opening a fruit farm."

Qs.[a] 1150, 1151 and 1152.

Preparation and publication of an industrial guide.

* 1153 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether there is any industrial guide available in this Province for the use of the public; and

(*b*) if not, what steps will be taken to prepare one?

THE HON. SRI V. V. GIRI:—"(*a*) & (*b*) There is no such publication at present. The information collected by the Department of Industries on industrial subjects is published from time to time in the form of bulletins. A list [b] of bulletins (new series) issued by the department and available with the Superintendent, Government Press, is placed on the table. Copies can be obtained from the Superintendent on payment. Copies of these bulletins are also available for reference by hon. Members in the Library of the Madras Legislature. A note by Mr. L. B. Green, Director of Industries and Commerce, on 'The Economic Resources of the Province of Madras and possibilities of their development' will be made available to the public and circulated to Members of Madras Legislature shortly."

SRI S. NAGAPPA:—"May I know whether copies of the note will be available in Telugu?"

THE HON. SRI V. V. GIRI:—"Notice, Sir."

SRI G. KRISHNA RAO:—"May I know whether this Province has got any likelihood of having an industrial research advisory board, as in Bombay and Bengal?"

THE HON. SRI V. V. GIRI:—"I will consider the suggestion."

SRI K. V. R. SWAMI:—"May I know, Sir, whether the question of the industrial guide will be taken up after the publication of the note by Mr. Green?"

THE HON. SRI V. V. GIRI:—"The suggestion will be considered."

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[a] Vide pages 231–232 infra.

[b] Printed as Appendix II on pages 259–260 infra.

SRI V. M. RAMASWAMI MUDALIYAR:—" May I ask the Hon. Minister if he will consider favourably the request that these reports on the survey of cottage industries may be supplied to the Members of this House? "

THE HON. SRI V. V. GIRI:—" I have promised that the note prepared by Mr. Green will be supplied free to the Members of this House."

SRI V. M. RAMASWAMI MUDALIYAR:—" I was referring to the reports on the survey of cottage industries, a list of which is placed on the table of the House."

THE HON. SRI V. V. GIRI:—" They are out of print."

Manufacture of cardboards in this Presidency.

* 1154 *Q.*—SRI D. NARAYANA RAJU: Will the Hon. the Minister for Industries and Labour be pleased to state whether any steps are being taken to start the manufacture of cardboards in this Presidency?

THE HON. SRI V. V. GIRI:—" So far as the Government are aware no steps are being taken to manufacture cardboards in this Province."

Grievances of the members of the South Kanara Motor Employees' Union.

* 1155 *Q.*—SRI K. ISHWARA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether it is a fact that the Government have received recently representations from the South Kanara Motor Employees' Union stating their grievances; and

(*b*) what the action taken by the Government in the matter is?

THE HON. SRI V. V. GIRI:—" (*a*) & (*b*) Yes. Owing to Government's intervention a settlement of the dispute has been effected."

Grant given to the Karkal Harijan Hostel during the last three years.

* 1156 *Q.*—SRI K. ISHWARA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether there is any grant given to the Karkal Harijan Hostel from 1936–38; and

(*b*) if so, the amount that has been given to the above hostel in the last three years?

THE HON. SRI V. V. GIRI:—" (*a*) & (*b*) During the current year a grant of Rs. 300 has been given. No grants were given before."

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SRI S. NAGAPPA :—" May I know the reason why the grant was not given to this hostel for the last two years? "

THE HON. SRI V. V. GIRI :—" My information is the grant has never been paid before."

SRI S. NAGAPPA :—" Arising out of answer to clause (*a*), may I know whether Government received any application for grant during 1936–37 and 1937–38 from this hostel? "

MR. SPEAKER :—" It does not arise."

Establishment of a Central Stationery Stores.

* 1157 *Q.*—SRI P. R. K. SARMA : Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) the value and varieties of stationery indented and purchased by the Government Stationery Stores since July 1937;

(*b*) how much of the stationery purchased by the Stores is Indian-made and how much is foreign;

(*c*) what is the value of paper supplied to the Government Presses in the Presidency from the Stores since July 1937 and how much of it is Indian and foreign, respectively;

(*d*) what is the policy followed in regard to the purchase of stationery for the use of Government establishments and whether the Government have issued instructions for Indian-made stationery being given preference;

(*e*) whether the local boards and municipalities are supplied by the Government Stationery Stores and, if not, how and from where and on what basis such local boards and municipalities get their stationery; and

(*f*) whether the Government would consider the desirability of establishing a Central Stationery Stores from which stationery could be supplied to the Government establishments as well as local boards and municipalities?

THE HON. SRI S. RAMANATHAN :—" (*a*) *to* (*c*) The information has been called for.

" (*d*) The attention of the hon. Member is invited to the Press Communiqué issued in January 1938.

" (*e*) They sometimes send their indents for the supply of these articles to the Government Stationery Stores; but usually they call for tenders from private companies or manufacturers and accept the lowest tender.

" (*f*) The matter is under consideration of Government."

SRI P. R. K. SARMA :—" May I know what is the period for which indents are required and supplies got from the Stationery Stores? "

THE HON. SRI S. RAMANATHAN :—" Notice."

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Overtime work in the Government Press.

* 1158 *Q.*—Sri B. BHAKTAVATSALU NAYUDU: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) whether there is indiscriminate overtime work in the Government Press;

(*b*) whether the overtime works are ordered not by the Superintendent or his Gazetted Assistants but by the foremen of the sections only;

(*c*) whether a large amount is spent on overtime work irrespective of its urgency or otherwise;

(*d*) whether any control is exercised on overtime work;

(*e*) whether the foremen of the composing departments engage the piece-work compositors on overtime work when the latter have no work during the ordinary hours of the Press in order that the foremen who are on salaried basis may get overtime allowance;

(*f*) whether the said foremen engage the imposers only on overtime work for the same reason; and

(*g*) whether a monthly statement of overtime work done from 1st April to 31st December 1938 will be placed on the table of the House with the following particulars:—

(1) the number of hours worked in each of the departments of the Press;

(2) the number of workers engaged;

(3) the number of foremen and assistant foremen engaged;

(4) the amount of overtime allowance paid to the workers and the supervising staff respectively; and

(5) the necessity for each item of overtime work and by whom it was ordered?

The Hon. Sri S. RAMANATHAN:—"(*a*) to (*g*) Information has been called for."

Sri B. BHAKTAVATSALU NAYUDU:—"I want to know, Sir, what is the purpose in placing an answer like this?"

Mr. SPEAKER:—"The information has been called for but has not been received."

Sri B. BHAKTAVATSALU NAYUDU:—"Then there is no necessity to place it before the House."

Mr. SPEAKER:—"That is the answer given by the department; it has been received by the office and the office cannot withhold the answer received."

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SRI R. M. PALAT:—"Perhaps, my hon. Friend means to ask whether this should not have found a place in the agenda only after the information called for has been received by the Minister."

MR. SPEAKER:—"The information has been called for and it has not been received."

SRI G. KRISHNA RAO:—"With regard to questions, what is the time-limit before which they have to be answered?"

MR. SPEAKER:—"That depends upon the nature of the question."

THE HON. SRI S. RAMANATHAN:—"The questions lapse if they are not answered before the end of the session, and if answers are not ready, we have got to say that we have called for the information."

SRI G. KRISHNA RAO:—"That is quite true. Is there any rule which limits the time by which the departments should send their answers?"

THE HON. SRI S. RAMANATHAN:—"The time taken to prepare the answer depends upon the nature of each question. We cannot guarantee that every question will be answered within a specific time-limit.

Temporary staff in the Madras Record Office.

* 1159 *Q.*—SRI T. T. KRISHNAMACHARIAR: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state for what purpose the temporary staff is entertained in the Madras Record Office, and whether the Government have ever considered the possibility of discontinuing the staff?

THE HON. SRI S. RAMANATHAN:—"The temporary staff in the Madras Record Office consists of—

2 upper division clerks,
1 lower division clerk,
1 attender and
1 peon.

The two upper division clerks are employed in classifying and sorting old records. The rest of the staff has been sanctioned on account of normal increase in work of the office. The question of retention of this staff was carefully considered in 1937 and in 1938. The question whether the staff should be further retained or abolished will be considered carefully when sanction for their temporary retention expires."

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Percentage of the cost of education borne by the Government in this Presidency.

* 1160 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state what percentage of the cost of elementary, secondary and collegiate education in this Province was borne by this Government during last year or in the year for which accounts are available?

THE HON. SRI C. J. VARKEY :—" The percentages were as follows in 1937–38 :—

Elementary education	64
Secondary education	26
Collegiate education	41 "

SRI K. V. R. SWAMI :—" May I ask the Hon. Minister, in view of the inadequate help rendered to secondary education, whether he will give more grant for this? "

THE HON. SRI C. J. VARKEY :—" It might reduce other percentages."

SRI K. V. R. SWAMI :—" Is it the idea of the Government that for expenditure on education there should be this discrimination? "

THE HON. SRI C. J. VARKEY :—" Not at all, Sir. We make distinction between elementary, secondary and collegiate education. We will have to reduce in one if we have to increase in another."

SRI K. V. R. SWAMI :—" May I know, Sir, where the Government will find so much money if they are to increase the grant to secondary education? "

THE HON. SRI C. J. VARKEY :—" Perhaps in collegiate education."

Intervention of the Police in the recent disturbances in the Annamalai University.

* 1161 *Q.*—SRI T. T. KRISHNAMACHARIAR on behalf of Mr. E. M. D'Mello: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether it is a fact that Police were requisitioned by the Annamalai University authorities in November last; if so, on whose requisition, for what purpose and with what result;

(*b*) whether it is a fact that three students were arrested by the Police; if so, for what offence and under what section;

(*c*) whether the arrested students were charge-sheeted; if not, why not;

(*d*) whether section 144 was promulgated on eighteen students; if so, at whose request;

(*e*) whether it is a fact that section 144 served on twelve students was rescinded subsequently;

(*f*) whether it is a fact that the Assistant Superintendent of Police recently intimated to the students that he will first use his fist and then the pistol;

(*g*) whether any force was used by the Assistant Superintendent of Police and the Police in making the students return to their respective rooms;

(*h*) whether any rooms were broken open by the Police; and

(*i*) whether it is a fact that one student Baladandayutham was arrested; if so, under what section?

THE HON. SRI C. RAJAGOPALACHARIAR :—" (*a*) *to* (*i*) The questions relate to certain incidents and disciplinary action following thereon taken by the Annamalai University authorities. It is not usual or proper for the Government or the Legislature to interfere in the internal affairs of universities which, according to the regulations and in the interest of academic progress, should be left to the university authorities themselves. The questions put in this interpellation relate to the help rendered by the local police and magistracy to the university authorities at Annamalainagar. The situation developed from what appeared at first to be a mere students' quarrel to an organized campaign of direct action on the part of a large number of university students, which included making it impossible for the lectures and classes to be run in the buildings provided therefor and the occupation of rooms and grounds in violation of instructions and orders. Without going into the details of the disturbances, I may say that order and discipline completely broke down and the situation became intolerable, and the Vice-Chancellor appealed to the police and the magistracy for help in the maintenance of order. The minimum of assistance which it was the duty of the police and the magistracy to give to the Vice-Chancellor was given. The dispute went on in spite of every effort made to conclude the matter during the last four months. Out of about fifty students who took part in active disorder and defiance of authority, the situation at present is that one student has been expelled, another has been sent out of the university but with a transfer certificate and three others stand suspended from the university till next July. The university authorities have decided to take back all the rest who have expressed regret for their conduct and promised good behaviour. It will not be conducive to the restoration of peace for Government to answer

in detail the questions put down which seek to elicit the action taken by the police without bringing out the indiscipline indulged in by the students which caused such action to be initiated. The Government hope that the matter will be allowed to rest at this so that harmony may be restored in the University and its work proceed without obstruction."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"In view of the dictum laid down by the Hon. the Premier in the earlier part of his answer, would it not have been better if the Government had not interfered through its Police?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"The hon. Member apparently forgets what I said in that connexion. Order and discipline completely broke down and the situation became intolerable and the Vice-Chancellor appealed to the police and magistracy for help in the maintenance of order. We cannot allow the university to become a ground for disorder when the Vice-Chancellor makes an appeal to the police and magistracy."

K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"May I know, Sir, the nature of the disorder that brought the Police in?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"I have fairly well described it already, Sir."

SRI D. V. RAMASWAMI:—"May I ask, whether it is not a fact that after the visit of the Minister for Education to the University the incidents were satisfactorily closed?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"The incident was not satisfactorily closed immediately after the visit, but it took a little time and I do not know even now if it has closed seeing the form in which the question has been insisted upon even now."

SRI K. BASHYAM AYYANGAR:—"What about the allegation in paragraphs (*f*), (*g*) *and* (*h*), Sir?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"It is with reference to those allegations that I said, Sir, it will not be conducive to the restoration of peace if Government answered in detail the questions put down which seek to elicit the action taken by the police without bringing out the indiscipline indulged in by the students who caused such action to be initiated."

SRI G. KRISHNA RAO:—"May I know if the Government feel satisfied that the interference of the police has been proper and it has done good work?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"However unpleasant it was, it was necessary, Sir. I can go so far."

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SRI A. R. A. S. DURAISWAMI NADAR :—" Have not all the boys sent their unconditional apology on the advice of the Education Minister who recently visited the University. If so, why all the boys who have tendered such apology were not taken back and why the five boys are still kept out? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" As I said already, the victims of the disturbance have the right to decide what apologies were sincere and what were not."

K. ABDUR RAHMAN KHAN SAHIB BAHADUR :—" May I know, Sir, from the Hon. Minister whether the allegations made in (*f*), (*g*) *and* (*h*) have at least been enquired into? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" I do not think, Sir, there is any ground for raising an implication by this question that those allegations deserved to be enquired into. As I have already said, there was a considerable amount of misbehaviour and it became necessary for the police at the request of the University authorities to interfere. The whole thing has been closed, at least that part of the incident has long since been closed."

SRI V. M. RAMASWAMI MUDALIYAR :—" In view of the help rendered by the Madras Government to the Annamalai University, will the Madras Government advise the Annamalai University to take back all the students who have tendered apology? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" If I could become the Vice-Chancellor, I could perhaps take that responsibility."

SRI KALA VENKATA RAO :—" Is there any mechanical instrument to measure the sincerity and insincerity of the apologies tendered? "

MR. SPEAKER :—" I think the supplementary question is not in order."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" Do I understand hon. Members to suggest that even if it be any quasi-public body it ought not to seek the help of the police in matters of maintaining peace and order? "

MR. SPEAKER :—" Do you ask the question of the Prime Minister? "

BASHEER AHMED SAYEED SAHIB BAHADUR :—" Yes."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I think, Sir, that Government are bound to help every one who is in trouble."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" May I ask, Sir, whether the Government under the Annamalai University

Act have any right to interfere with the internal administration of that University so far as it concerns the students and the staff or the Vice-Chancellor? "

MR. SPEAKER :—" This question does not relate to the internal administration of the Annamalai University. Therefore, it does not arise."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" Suggestions were made as to whether the Government had not interfered with matters closed. It is arising out of the supplementary answer as to whether this Government had any right under the Annamalai University Act to interfere . . ."

MR. SPEAKER :—" It was too vague a question to be put as a supplementary question. All supplementary questions shall have a particular reference to the main question."

SRI A. R. A. S. DURAISWAMI NADAR :—" Will the Hon. the Premier be pleased to enquire into the whole matter again and see whether the five boys who have made an unconditional apology and who have not yet been taken, are also taken? "

MR. SPEAKER :—" That was already answered. The hon. Member should not mix up too many questions."

Gazetted officers employed in the Government Press.

* 1162 *Q.*—SRI B. BHAKTAVATSALU NAYUDU : Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) the number of gazetted officers employed in the Government Press, the salaries they are paid and the duties that each of them is performing;

(*b*) what specific responsible duties were performed by the Senior Deputy Superintendent during the two months ending with 1938;

(*c*) during what, and for how many, hours he attends office; and

(*d*) whether certain allegations against the Senior Deputy Superintendent were reported in writing to the Hon. the Prime Minister and what action has been taken thereon?

TH HON. SRI S. RAMANATHAN :—" (*a*) Six; their salaries are as given below :—

	RS.
(1) Superintendent	1,100 *plus* conveyance allowance of Rs. 50 per mensem.
(2) Senior Deputy Superintendent ..	750.
(3) Junior Deputy Superintendent	230 *plus* officiating pay Rs. 150.
(4) Two Assistant Superintendents ..	210 each.
(5) Monotype Instructor	210

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"As regards the duties of the gazetted officers excluding the Superintendent, Government Press, a list [a] showing the distribution of work is appended.

"(b) No specific additional responsible duties were performed by him as his hands were full with normal responsible work.

"(c) He attends office generally from 10 a.m. to 5-30 or 6 p.m.

"(d) Yes. They have nothing to do with the subject of the question."

SRI D. RAMALINGA REDDIYAR:—"May I know, from the Hon. Minister, Sir, whether he is aware of any other Superintendents who are doing the same kind of work outside the Government Press in the Presidency and are getting such big salaries as that?"

THE HON. SRI S. RAMANATHAN:—"Obviously there are many, Sir."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"May I know, Sir, what the respective periods of service of the Senior and Junior Superintendents are?"

THE HON. SRI S. RAMANATHAN:—"Notice, Sir."

SRI D. RAMALINGA REDDIYAR:—"Mr. Speaker, evidently the Hon. Minister says to me that he has not understood my question."

MR. SPEAKER:—"No. He has not said that." (Laughter.)

Q. 1163.[b]

Alleged dismissal of daily paid Indian workers in Ceylon.

* 1164 *Q.*—SRI T. S. CHOKKALINGAM PILLAI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) whether it is a fact that the Ceylon Government have decided to dismiss about 10,000 daily paid Indian workers;

(b) whether the Government have received any representations in regard to this matter from the Indians in Ceylon; and

(c) what steps the Government have taken so far to protect the interests of the abovementioned unfortunate Indian workers, who belong to Madras Presidency only?

THE HON. SRI V. V. GIRI:—"(a) & (b) The answer is in the affirmative.

"(c) The Government of Madras are in communication with the Government of India."

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a Printed as Appendix III on pages 261-262 infra.

b Vide pages 261–262 infra.

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SRI T. S. CHOKKALINGAM PILLAI :—" Will the Government consider the desirability of requesting the Government of India that no trade agreement should be concluded with the Ceylon Government unless the rights of the Madrasis are protected? "

THE HON. SRI V. V. GIRI :—" I may assure the hon. Member, Sir, that the question has already been referred to the Government of India."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" Will the Government arrange to send the Minister in charge on a visit to Ceylon in the near future? "

THE HON. SRI V. V. GIRI :—" I think at present the question does not deserve any consideration."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" May I ask, Sir, whether the Hon. Minister has ascertained the reasons for the proposed dismissal? "

THE HON. SRI V. V. GIRI :—" They want to replace the Indians by Ceylonese."

Development of the Agency tracts.

* 1148 *Q.*[a]—SRI D. NARAYANA RAJU : Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether it is a fact that an officer of the Agricultural department was deputed to survey the Ellavaram and Chodavaram divisions to investigate the possibilities of developing the Agency tracts;

(*b*) if so, whether the officer has completed the survey and submitted any report;

(*c*) if the answer to (*b*) be in the affirmative, whether a copy of the report will be placed on the table of the House;

(*d*) what recommendations, if any, the said officer made for developing the Agency tracts; and

(*e*) what action, if any, the Government propose to take on the said recommendations?

THE HON. SRI V. I. MUNISWAMI PILLAI :—" (*a*) An officer was deputed to survey the taluks of Ellavaram and Chodavaram to select a site for a fruit farm.

" (*b*) to (*e*) The officer has selected a few sites. The Director of Agriculture has instructed the Deputy Director of Agriculture, I Circle, to examine the sites and to put up definite proposals for opening a fruit farm if a suitable site is available."

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a This and the following questions were included in the proceedings under rule 31 of the Assembly Rules.

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Proposal to allow free stake net fishing in the Korapuzha river in Malabar.

* 1150 *Q.*—Sri P. MADHAVAN: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether the Government are aware that stake net fishing was allowed free in the Korapuzha river in Malabar for a very long time and that in 1935 the Revenue Department put up the right to stake net fishing to auction and that the persons aggrieved petitioned the Government against the order of the Revenue Department;

(*b*) whether any reply was given to the petitioners;

(*c*) whether it is a fact that the Korapuzha river is under the jurisdiction of the Revenue Department and that the Baliapatam river is under the jurisdiction of the Fisheries department and that in the latter stake net fishing is allowed free; if so, why this discrimination; and

(*d*) whether the Government will consider the desirability of allowing stake net fishing in the Korapuzha river free as in the case of the Baliapatam river?

The Hon. Sri V. I. MUNISWAMI PILLAI:—"(*a*) & (*b*) Stake net fishing in the Korapuzha river was only a recent introduction. The right of fishing was auctioned for the first time in 1935. Some members of the Mukaya community petitioned to Government to allow this form of fishing on licence but they were informed that their request could not be complied with.

"(*c*) The Government have no information but have called for a report.

"(*d*) The question of allowing fishing by a system of licences is being examined again."

Lease by auction of the right of stake net fishing in the Korapuzha river in Malabar.

* 1151 *Q.*—Sri P. MADHAVAN: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether the Government are aware that one C. N. Cheriakkan, an influential gentleman of the locality buys in auction every year the right to stake net fishing in the Korapuzha river in the name of a stranger and then leases the right to fishermen on condition that all the fish caught daily are to be taken over to him at his own price and that the above procedure works real hardship on the poor fishermen; and

(*b*) whether the Government will consider the desirability of conducting an enquiry in the matter and do the needful?

The Hon. Sri V. I. MUNISWAMI PILLAI:—"(*a*) & (*b*) The Government have no information. A report has been called for."

Enhancement of the rate of medical fee charged for goods exported from Tuticorin to Colombo.

* 1152 *Q.*—M. AHMED BATCHA SAHIB BAHADUR: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the medical fee charged by the Veterinary Assistant Surgeon at Tuticorin, per goat exported to Colombo;

(*b*) what the rate charged was prior to 1st May 1937;

(*c*) what the reason for enhancement was;

(*d*) what the number of goats now exported to Colombo per month from Tuticorin is and what the number was prior to 1st May 1937;

(*e*) whether this enhancement of medical fee does not militate against the export trade of goats and the interest of the primary producer;

(*f*) whether the Government are aware that the export of goats from Tuticorin has to face serious competition in the Colombo market owing to imports from Australia and Aden in addition to being subjected to a quota system;

(*g*) how many Veterinary Assistant Surgeons there are at Tuticorin and what their respective duties are;

(*h*) for how many days in a week there is export work in Tuticorin of goats to Colombo;

(*i*) whether it would be too much for one man to attend to the entire work; and

(*j*) in view of a possible reduction in the number of Veterinary Assistant Surgeons whether the medical fee cannot be restored to its original rate?

THE HON. SRI V. I. MUNISWAMI PILLAI:—" (*a*) The fee now charged for the inspection of sheep and goats exported to Ceylon is 4 annas per animal.

" (*b*) Two annas per animal.

" (*c*) For economising the cost of administration and improving the departmental receipts for services rendered.

" (*d*) The Government have no exact information but it is understood that the exports exceed 1,200 animals a month.

" (*e*) The Government have no reason to think so.

" (*f*) The Government have no information.

" (*g*) Two. One is in charge of the Veterinary Dispensary at Tuticorin and the other is in charge of inspection of animals intended for export from Tuticorin.

" (*h*) The Government have no information, but it is reported that there is sufficient work for a whole-time assistant for this duty

"(i) One assistant cannot under present conditions attend to both hospital duty and export work.

"(j) Does not arise in view of the answer given to clause (i) above."

Revival of foreign trade and travel from the port of Point Calimere.

*1163 *Q.*—SRI A. PL. N. V. NADIMUTHU PILLAI: With reference to the answer to clause (*d*) of Legislative Assembly question No. 308 (starred) given on 1st December 1938, will the Hon. the Minister for Public Works be pleased to state whether any reply has been received from the Central Government in regard to the suggestion made to revive the port of Point Calimere for foreign trade and travel and if so, to what effect?

THE HON. MR. YAKUB HASAN:—"A final reply in the matter has not yet been received from the Central Government. They have asked for estimates of traffic that will accrue at the port of Point Calimere if it is developed. The Presidency Port Officer was asked on 2nd February 1939 to furnish these estimates in consultation with the Collector of Customs, the Director of Agriculture and the Collector of Tanjore. They are awaited."

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

III.—GOVERNMENT BILLS.

(1) THE MADRAS DISTRICT MUNICIPALITIES AND LOCAL BOARDS (AMENDMENT) BILL, 1939.[a]

MR. SPEAKER:—"The Leader of the Opposition will speak." 3-30 p.m.

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Mr. Speaker, I think you have practically ordered it *de novo.* As you call me to speak . . ."

MR. SPEAKER:—"In view of the amendment given, will the Leader of the Opposition reserve his speech so that he can speak both on the amendment and the motion? He may do so. Mr. Abdul Hameed Khan has given notice of a motion that the Bill be referred to a Select Committee. But at this stage, after two speeches have been made, will it be in order?"

ABDUL HAMEED KHAN SAHIB BAHADUR:—"May I submit, Sir, that the amendment for referring a Bill to a Select Committee may be moved at any stage. So I believe I am in order in doing that."

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[a] **Discussion continued from 25th February 1939.**

MR. SPEAKER:—" Because the matter was postponed that day, advantage has evidently been taken by the hon. Member. In the strict sense of the law if he wants to exercise that extraordinary right, the hon. Member may do so. But that will be giving him the right of an additional speech, two speeches on the same subject."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Mr. Speaker, although this Bill is very small so far as the length of the Bill is concerned, it involves certain very fundamental principles with reference to the administration of local bodies. I therefore move—

> '*that the Madras District Municipalities and Local Boards (Amendment) Bill, 1939 (L.A. Bill No. 8 of 1939) be referred to a Select Committee.*'

" I hope that the Hon. Minister will be given sufficient time and that sitting along with members of the Select Committee it will be possible for him to see the point of view of the members who raise objection to the principle underlying this measure. In order to bring about that understanding, I believe, Sir, the reference to the Select Committee will be necessary and therefore I move this amendment."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I second it."

THE HON. SRI B. GOPALA REDDI:—" I oppose it." (*Voices: 'That is all!'*) "

ABDUL HAMEED KHAN SAHIB BAHADUR:—" In view of the next amendment I withdraw this."

The amendment was, by leave, withdrawn.

MR. SPEAKER:—" On the original motion that the Bill be taken into consideration at once, will there be any more speeches? "

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Sir, how much reasonable we are takes even me by surprise. Sir, the amendment which has now been withdrawn was not moved with the object of delaying this measure, but with the object of convincing the Government that even though there may be necessity to reform the local board administration in this direction, it may not be necessary to go to the full extent that the Bill goes. It is with that object tbat this amendment was given by my hon. Friend, Mr. Abdul Hameed Khan, and he has withdrawn it because, subsequently he has given a very modest amendment to limit the period during which a person cannot be re-elected to three months.

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"Sir, I wish to say in this connexion that the history of local self-governing institutions in this part of India with which I am familiar does not go to show that they are perfect. I am supposed to be familiar with the Premier and I shall accept his statement that I am familiar, and too familiar also, with the administration of local self-governing institutions. But, Sir, it is because of the fact that I am too familiar with them that I am able to speak with some authority, though my own limited direct experience of local self-governing institutions, which has been very happy, is confined to the City of Madras and I have not had the fortune or the misfortune to be connected with any local self-governing institution outside the City of Madras. That probably accounts for my optimism that it is unnecessary to take very drastic measures to reform local self-governing institutions. I only wish to say that while I agree that it may not be possible to keep away from any reform for any particular period and that Government should come forward with legislation to meet any errors and defects in the working of local self-governing institutions, it is not necessary to have the Bill as it is, passed.

"The object underlying the Bill is to enable the Government to see that the person whom they remove from office is prevented from occupying the Presidential or the Vice-Presidential office of that Board or Municipal Council. Sir, obviously, I think I should accept, or anybody should accept as a matter of fact, that the Government would certainly have a *prima facie* case to remove a person from office. It should normally be expected that, before doing so, they would have made an enquiry and I do not doubt the sincerity or the necessity of an order of that type. But, is a regulative order like this intended to be the real curative? What is the object? You remove a man because he has not carried on the administration well. And you immediately punish him, just as sentencing him for six months. Similarly, when you remove a man from office, that is itself a great punishment and he looks so small in the eyes of the people of the locality particularly, and then it should be normally expected that he will mend his ways. The Hon. Minister—I am not so sure of my memory—said in his introductory speech that a person who is removed from office, if he is allowed to go after a particular period back to the same office, can have a nominee during the interval. That difficulty will not at all be solved by the present position. For, if he can have a nominee for a short period of three or six months, he can also have a nominee for any length of time, because the majority will be his and one of the members forming the majority will be the nominee. What I say is this: Government as soon as they remove Mr. *A* from office can see that Mr. *A* is not re-elected the very day after the Government's order. They can ensure that. Let us assume that a nominee is put in the chair. We must know that these nominees are also

human beings. Once you put them in office, some at least of these nominees will try to conduct themselves more honourably than the person who has nominated them to that position. That being the case, these nominees also might try to retain the position and conduct themselves well and members forming that majority may even advise the old man who has been removed from office that the nominee may continue and the old majority can continue. Probably their majority may come to a sensible suggestion. If there should be any casual vacancy later on by death or resignation of that nominee, this old person who was removed from office by Government might by that time have become a very sensible man. My own view is that in the course of the six months the majority will be changing in a local body very often. Hon. members, who have a direct knowledge and experience about village panchayats and local boards more than I have, know how majorities can change even overnight. That being the case, it will not be a surprise to expect that the nominee will be a good man in certain cases and sometimes the man who is removed from office might have improved. Let us take the possibilities into consideration. After all, if my prophecy should come true, there is this House and the Hon. Minister for Local Administration will continue to be the Minister for Local Administration in this Government, and he can come forward before this House once again after six months and say that the Bill has not been very effective and that he wants a much more stringent legislation. But I do not think he will have many cases. Let us hope that there will be few cases. If in the few cases that he has had occasion to remove persons from office, the Hon. Minister should have experience to the contrary, let him come forward and say it. It is very, very hard to penalize the person who has been removed. Even for persons like me who to some extent concede that Government might have occasion to remove an officer for justifiable reasons, it looks hard. So I think that the amendment which will shortly be moved by my friend, Mr. Abdul Hameed Khan, is a modest amendment that could be thought of in the matter and I suggest for the very serious consideration of the Government—this being a simple Bill we need not waste time over Select Committees; after all, there is one point which may be decided on the floor of the House itself—that it is not necessary to have legislation to this extent. I shall reserve my further remarks to a later stage."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Before the amendment is moved, I would like to make an appeal to the Leader of the Opposition to consider the question again before pressing his amendment. The proposal is with reference to the powers exercised under section 43 of the present Act. Under this section the Local Government may remove a president or a vice-president

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of a local board. The question is with reference to all the local bodies including panchayat unions that are in the province and the step can be taken by the Local Government only after giving the president concerned an opportunity for explanation. The notification issued should contain a statement of the reasons.

"The Local Government removes him for what? For wilfully disobeying the provisions of the Act or abuse of the powers vested in him. If, under these circumstances, a man is removed after enquiry, after he is given notice and is called upon to explain and after a full statement of the objects and reasons is furnished to him,—if after all that process, the matter rests there, and according to the Leader of the Opposition the case is not further contested—what is sought to be discussed is whether in a case of that sort he should be permitted to immediately stand for election. If a man has been removed in this manner for abuse of power vested in him, I submit he should not be allowed to stand for election as President. What is proposed here is that the Board should have the power at once to challenge the order of the Government and elect him again and put him in charge of affairs. It is submitted that what is proposed is to nullify the order of the Local Government. If the man is removed for abuse of power, to put him again in charge is practically rendering nugatory the provisions of this section. Therefore it is suggested that he must wait until the general election when he will have certainly an opportunity to appeal to the constituency and come back. A coterie in the Board itself defying the order and sending him again and again is not a healthy way of improving the affairs of local bodies at all. If hon. Members really have the progress of local bodies at heart, I submit they should allow the Government the reality and not merely the formality in the use of that section. If some reasonable time were allowed, it may be thought that the Board will have time to readjust itself. But the period should be really adequate. Otherwise it will merely be a continuation of the same old divisions of parties and the same support of the parties which was given at the beginning will be given at the end. That is what I want the hon. Members to consider, before moving the amendment." 3-45 p.m.

BASHEER AHMED SAYEED SAHIB BAHADUR:—"Mr. Speaker, I am one with the principle underlying this proposed amendment. It is but necessary that a person who wilfully omits or wilfully refuses to carry out or disobeys the provisions of this Act or any rule or by-law, regulation or lawful orders issued thereunder or abuses the power vested in him, should be removed; and when once he is removed after enquiry, after he is given notice, after he is called upon to explain and a full statement of the objects and reasons is furnished to him—after all that process is gone through, if a person is removed—then certainly it is not

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reasonable or desirable that the same person should be reinstalled or re-elected in the same place. When the final executive authority, after a thorough enquiry, comes to the conclusion that he is a man who deserves to be removed from office, and if he is removed, certainly it is not in the interest of the public or the administration of the municipality or the panchayat that he should be restored to that office by the other way, by means of election. If he has a right to be elected, what is the purpose and what is the object of the person being removed, having been found —not by a court of justice (it is not a judicial pronouncement, but *it is an executive finding*)—that the person was found to disobey or wilfully omit the things which in duty he is bound to carry out. That certainly is an object which is very desirable; but the point is as to what is the best method by which you can secure the principl underlying this proposed amendment of the Bill. Mr. Abdul Hameed Khan proposes to have it at three months. The Hon. the Prime Minister thinks that a three or six months period will not be really adequate. Sir, six months may not be really adequate. But there must be certainly some limit imposed wherein the party should be allowed to have some *locus poenitentiae* It is not necessary that you should rule out the possibility of a person being elected. The conversion is likely to take place, conversion in opinion, conversion in mental frame of mind or the mental attitude. So, that being the consideration, I say that reasonable time must be allowed. It need not be three months nor shall it be two years. If it is for five years, he will be disqualified for four or four and a half years. So, I say, Sir, you must give a fair trial, there must be a limit defined. This is rather a vague limit that you shall not be eligible for re-election until the next notification appears with reference to the general election. That is to say, when the person is a vice-chairman or chairman, he continues to be a member all the same. You are only removing him from that office and refuse him the office for a long time, for one year or whichever period is longer. This is only a disqualification in order to achieve the effect of the Government's action in removing him. In that case I consider the Hon. Minister must be reasonable in accepting a longer period and then allowing him a chance. By that time he might have corrected himself and he might have lost the habit of disobeying. He might have gained experience and he might not again order in the same direction. So, there is necessity for this provision; but the necessity should not be really made paramount in denying the legitimate right which a citizen would be ordinarily entitled to. You punish a man even under the Penal Code. You do not compel him or condemn him for more than the period that is necessary. You give the discretion to the courts so that they may prescribe the maximum period of three months, six months or one year. I

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submit, Sir, you must be reasonable and I think one year period may be acceptable to the Hon. Minister. One year must be a normal and reasonable period for a man to try to correct and reform himself. I therefore make this suggestion that for a period of one year he could be disqualified."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR :—" Mr. Speaker, I have just listened to the speech of Mr. Basheer Ahmed Sayeed who spoke neither from the right nor from the left, but from the centre which indicates a no-party position. Sir, I am not here to support what Mr. Basheer Ahmed Sayeed has said. I am not in favour of the fundamental principle of the amendment."

MR. SPEAKER :—" The amendment is not here."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR :—" The Bill, I am sorry Sir. I am opposed to the fundamental principles of the Bill. My own theory is that the prestige of the Chairman will receive a severe blow in case this Bill is passed. The Chairman is a chairman, because the majority supports him in what he does. When the Chairman is responsible for removal under section 43 (1), I think it is the Council that must take him to task and not the Government. If the Council is wise, and really supports a gentleman who enjoys its confidence, then the Council must disapprove of the action when he goes wrong. So, if there is any abuse of power at all, it is the Council that must be superseded for not having removed him. The Chairman does not exist independently of the Council. He happens to be the Chairman because he has the support of the majority in the Council. Sir, if the Council is in collaboration with the Chairman in the abuse of power, then the best thing is to supersede the Council. To my great surpise, I found in paragraph 3 that this disqualification does not extend to cases where the Chairman is removed by a vote of no-confidence. It is most surprising. I should think personally that if a vote of no-confidence is passed against the Chairman, it is there that this disqualification should come in and not where the Government think that the Chairman has abused power. Sir, the opinion of the Council must be more authoritative than the opinion of the Government. The Government is here at the headquarters and it is the Council that is really conversant with the abuse of powers by the Chairman. So far as I can see, I feel that the Chairman must be left responsible to the Council. The Government need not imagine that there is abuse of power by the Chairman, just because some few acts have come to their notice. If it is found that the Chairman has not been using his powers properly and in the interests of the municipality, the municipality should be superseded and this disqualification should not be placed on the Chairman."

* SRI G. KRISHNA RAO:—" I think I should strengthen the hands of Government when it comes forward with such a measure. The defects and wrongs that are in the local bodies must necessarily have the correction and scrutiny of the Government and it must have powers to see that corruption and violation do not take place and that they are nipped in the bud. So, I do not think it cannot be contended that the principles of Provincial Autonomy are in any way violated by this provision. On the other hand, I should say, such provisions purify the local bodies. So I would very much like to see that the principle is brought into force. But the point raised by my hon. Friend Mr. Abdur Rahman Khan was that both the municipality and the chairman are responsible and so there is no meaning in asking the president to vacate the seat or in penalizing him by this rule. I think, Sir, by the Government taking steps to remove the president, they remove the cause of the error or of the drawback or the mistake there. I think that is what the Government want to do. The point raised by Mr. Basheer Ahmed Sayeed was that it ought to be a corrective and not a punitive measure. I think there is much force and reason in that contention. So I would like to see that the period which has been fixed, i.e., till the notification of the next general elections might be modified. It should be changed into one year or so. That is my point, Sir. On the whole, I think, instead of making it purely punitive action, it ought to be a corrective one and give the member a chance to seek re-election and occupy his place again after one year. I think the suggestion made by Mr. Basheer Ahmed Sayeed is a practical one and a good one."

THE HON. SRI B. GOPALA REDDI:—" Sir, I am not at all convinced by the arguments advanced by the Members of the Opposition. If we trace the history of local self-government in this presidency, we will find a similar provision in the Act of 1884. This is not therefore a provision invented by the Congress Ministry. Speaking on this provision the Minister in charge in the previous Administration definitely said that a definite period extending over two or three years must be fixed so that the same man may not be re-elected. My hon. Friend Mr. Abdur Rahman Khan has in mind perhaps district boards and municipalities only. There are, besides these local bodies, about 6,000 panchayats and in regard to them we have to deal with a variety of gentlemen in charge of the important village administration. Supposing in these cases a man is removed after careful investigation by the panchayat officer or the Deputy Inspector or the Inspector of Local Bodies and by the Government, and the next day he is re-elected; what is the fun of our issuing an order removing him to-day leaving it open to the panchayat to elect him the next day? We know that he has got a majority ready to re-elect him and that his maladministration is tolerated

by them. How can the Government in such circumstances simply stop with his removal? Mr. Rahman Khan questions the very principle of our proposal. He says, when the council has elected him to the chairmanship, why remove him at all? But, Sir, section 43 is clear and as long as that section is in the Act, you will have to take action whenever there are charges of maladministration against the chairman or vice-chairman. What do we do? We give him ample time, say a month, within which to offer his explanation and when we find that the explanation is not satisfactory, we order his removal. It stands to reason that a person so removed should not be permitted to be re-elected immediately thereafter. Mr. Basheer Ahmed suggests that this disqualification might last for one year. Sir, suppose we agree to his suggestion, what will happen? For one year a man will be kept in that office and immediately after that, he will be asked to resign. He will try to be there himself and that means there will be a series of by-elections to that place. We want to avoid that conflict going on and so we are allowing the man who is removed from office to take his chance at the next general election.

" My hon. Friend Mr. Basheer Ahmed has very eloquently pleaded for granting time for repentance or for penitence on the part of the person removed from office. Sir, in criminal courts when a man is convicted and the conviction is for more than six months, he is debarred from standing for election for the next five years. There no chance for penitence or conversion is given."

BASHEER AHMED SAYEED SAHIB BAHADUR:—" A word of explanation, Sir. Unless a man is convicted for moral turpitude for one year, he is not debarred from standing for election. Moreover, the Government have power to remove that disqualification."

THE HON. SRI B. GOPALA REDDI:—" But the rule is that the person concerned cannot stand for election for five years, though the Government may, in their discretion, remove the disqualification. Suppose a man is convicted for rioting and is awarded six months imprisonment; he will be ineligible to stand for election to a municipality or panchayat, etc., for five years. Is that done in a spirit of showing mercy or granting time for penitence? Again, Sir, if a Member of the Assembly fails to file his election return, which is merely a formal affair—and not at all a serious matter, and does not involve any moral turpitude—he is debarred from standing for election for five years. If the hon. Member from Kurnool (Mr. Rahman Khan) fails to file his election return within one month from the date of the election, he will be debarred and will not even be a voter for five years. We do not give him a chance there. You speak here of democracy.

If you want a vote of no-confidence to be moved against the chairman or vice-chairman, in all democratic bodies a bare majority will do; but the Local Boards Act and the Municipalities Act have provided for three-fifths majority for the purpose. I certainly think that that is not democracy. Then again, under the existing Acts, if a resolution of no-confidence is lost for want of three-fifths majority, you cannot move another for six months. Is that democracy? In all democratic institutions, you provide for no confidence resolutions whenever the majority feel want of confidence in the chairman or vice-chairman and there is not also the six months' limit. Hon. Members do not detect anything undemocratic in all these provisions and they do not think there is anything unconstitutional about it. As long as section 43 is there in the Act, an amendment of the kind made in this measure is necessary. With these remarks, I trust the House will accept my motion for taking this Bill into consideration immediately."

MR. SPEAKER:—" The question is—

'That the Madras District Municipalities and Local Boards (Amendment) Bill, 1939, be taken into consideration at once.' "

The motion was put and carried and the Bill was taken into consideration.

Clause 2.

ABDUL HAMEED KHAN SAHIB BAHADUR:—" I beg to move—

'*In item (i) for the last three lines* substitute *the following*:—

" *after the lapse of three months from the date of the removal* ".'

" Sir, my Hon. Friend the Minister for Local Administration read out to us section 43 in support of his position. I should like the House to realize that the president or the vice-president or chairman or vice--chairman can be removed from the place . ."

MR. SPEAKER:—" I see Members on the Front benches carrying on a conversation across the table. That is a positive disturbance."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" I should like the House to realize that the president or chairman can be removed from the place not for committing what is considered to be a serious offence, but for supposed 'wilfully omitting or refusing to carry out any of the rules.' This shows what a lot

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of power this section has given to the Government. A panchayat officer or assistant panchayat officer can initiate proceedings against an elected chairman or vice-chairman for supposed wilful or deliberate refusal or omission. These proceedings will ultimately be confirmed by an order from above. Thus it will be seen that these elected presidents, etc., are at the mercy of these subordinate officers. I hope the Hon. Minister will realize that he ought not to take a leaf from ancient history for interpreting democracy. He quoted a section from the Act of 1884 in justification of the present amendment. Sir, democracy grows and does not regress, whatever may be the Hon. Minister's idea of it. The section which the Hon. Minister quoted was repealed even in the days when we had no provincial autonomy. Now that we have full provincial autonomy, we ought not to bring those undemocratic provisions. I hope the Hon. Minister carrying on a democratic Government will realize that it should not be his policy to go back. If a person contravenes the rules, the only remedy should not be his removal. I am quite sure that if the institution of which he is the president or chairman or vice-chairman is satisfied that he will not mend his ways, it will not tolerate his continuance. But if a man is allowed to continue in office by the municipality or panchayat, it must be taken to mean that he has its confidence. The institution concerned may be safely left to deal with its recalcitrant chairman or vice-chairman and, I am sure, if such a person stands for re-election, the local body concerned will not re-elect him. If, however, the same gentleman secures the confidence of the House by a majority, then it may be time for the Government to go into the question and see what exactly is the trouble about the man. If they take action then, they will be honouring the vote of the local body. They should not kick democracy or rob the right of a local body to elect a man.

"After all, Sir, even if Government have removed a particular man and if that man commands the confidence of the local body concerned, he should continue to be there. The Hon. the Minister for Local Self-Government asks that if a man is not considered as a fit man by the Government to occupy the chairman or the vice-chairman's place, why the Council should believe that he is the right man. The Hon. Prime Minister said that once a man has not resigned his seat, you have no business to compel him to go to the constituency and get himself re-elected. Sir, if a man thinks that his constituency would exonerate him he can come back with confidence and face the electorate and stand for re-election. My hon. Friend Mr. Abdur Rahman Khan said—I agree with what he said—that if the Council is found to be recalcitrant and if the Council re-elects him, it is the Council which is at fault. If the Council is at

fault, abolish the Council. That is the most logical procedure. On the other hand, by having this half-way measure of dealing with the chairman or the president in the manner in which the Government propose to do, you are hampering the growth of democracy, and hence my amendment. If you will allow me, Mr. Speaker, to amend my amendment, I would like to change the word 'three' into 'six.' My amendment as now amended will read thus:—

'Add *at the end of proposed sub-section (3) of section 40 of the Madras District Municipalities Act, the following:—*

"*or the expiry of six months from the date of the removal, whichever is earlier.*" ' "

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Mr. Speaker, I am saved from making a speech. I formally second the amendment moved by my hon. Friend, Mr. Hameed Khan. I am very glad that the Government have agreed to this amendment. Now the period that should elapse between the removal and the possibility of a re-election is six months and a period of six months, in my opinion, is a sufficient period. I think the present amendment will meet the case of both sides. I am very happy that it has been possible to find a solution of this problem without making it necessary for us to resort to the Select Committee."

MR. SPEAKER:—"The word 'and' at the end of the last line of item (1) comes after item (i), connecting item (i) and item (ii) of clause 2."

Clause 3.

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I beg to move the amendment that stands in my name as follows:—

'Add *at the end of proposed sub-section* (3) *of section* 43 *of the Madras Local Boards Act, the following:—*

"*or the expiry of six months from the date of the removal, whichever is earlier.*" ' "

The amendment was duly seconded.

THE HON. SRI B. GOPALA REDDI:—"I am accepting the two amendments moved by my hon. Friend Mr. Hameed Khan. But in doing so, I must also give my own opinion about certain matters to which he has given expression to-day. He has spoken about the spirit of democracy. I welcome that feature from the leader of the Muslim League Party. He has been a champion of separate electorates. Perhaps he calls it a part of democracy. As far as I can see, in no democratic countries there has been a provision for separate electorates. There are countries like Switzerland and countries like Canada where there are no statutory

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provisions for over-weightage of minorities or for having separate electorates. When that is the case, I have been wondering as to how Mr. Hameed Khan was pleading for democracy instead of referring to communal Government Orders and representation and over-weightage of minorities . . ."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" On a point of personal explanation, Mr. Speaker. I would tell my hon. Friend the Minister for Local Self-Government that I am not going back on anything. If there are separate electorates now, they have been existing, fortunately or unfortunately, for a long time and it is unnecessary for me to say anything, and I am not responsible for it. With regard to the question of communal Government Orders, I do not know who is responsible for this. It is also in existence even from the time of the previous Government."

THE HON. SRI B. GOPALA REDDI:—" My hon. Friend, Mr. Hameed Khan, says that separate electorates are there but that he is not responsible for that. I say separate electorates are not in force in local boards and municipalities. On the floor of this House, there have been resolutions and interpellations asking for separate electorates and over-weightage of minorities. People who ask for over-weightage and separate electorates say that democracy grows . . ."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Mr. Speaker, I ask you, Sir, whether it is necessary to have a debate over this question."

MR. SPEAKER:—" It is not a debate."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" The Hon. Minister has given a sufficient reply."

THE HON SRI B. GOPALA REDDI:—" Sir, it is a fact that democracy grows. But I submit that democracy in itself is not an absolute reality. It has its own liabilities and limitations. You will have to fulfil those liabilities before you think of democracy. In all democratic countries you have got provisions in the statute whereby you have got power to check even the majority decision. It is not as if the decision of a majority is always final. There is the judiciary which keeps it down when occasion demands it. So democracy, will of the people, will of the panchayats—all these must proceed without interference of the Government. That is the basic principle of self-government. It is not a composite part of a Federation whereby you have absolute plenary powers vested in the panchayats, the district boards and the municipalities. They receive ample grants from the Government and the Government have got ample control over them and also have a number of officers to look after their administration. No

victimization is done to minorities, communal minorities, political minorities or social minorities. Supposing there is a panchayat and the president of that panchayat does not give a licence to a particular person for a particular purpose, and supposing the aggrieved person appeals to the Government, the Government must have power to revise the orders passed by the president of the panchayat board. It is our duty to protect the individual concerned and direct the president to issue the licence so that the other party may have his share in the amenities given in the panchayats. So all these things make it necessary that we should have a strict control over the administration of panchayats, municipalities and district boards. Section 43 gives power for removal of president or a chairman. My hon. Friend says that if a man is re-elected, it is the fault of the Council and why the Government should not dissolve the Council and order for immediate re-election of the whole Council. I ask, if a man is re-elected as president or chairman, why it should be made a case for dissolution or supersession of the whole Council and we should order re-election throughout the whole area of the municipality or the local board concerned. If thirty people elect a particular man as chairman or vice-chairman, why should the minority members of that body who are not responsible for that re-election of the same man as chairman or vice-chairman face a general election on a very doubtful issue? It is not in the interests of these people that a general re-election should be held. With these remarks I accept the amendments of my hon. Friend Mr. Hameed Khan."

The amendments were put and carried.

The whole Bill as amended was put and carried.

THE HON. SRI B. GOPALA REDDI :—" I move—

' that the Bill as amended be passed into law.' "

The motion was put and carried and the Bill was passed into law.

(2) THE MADRAS BORSTAL SCHOOLS (AMENDMENT) BILL, 1939.

THE HON. DR. P. SUBBARAYAN :—" Sir, I beg to introduce a Bill [a] further to amend the Madras Borstal Schools Act, 1925, for a certain purpose and move—

' that the Bill be taken into consideration at once.'

"The Bill has already been published in the *Fort St. George Gazette* and the Statement of Objects and Reasons explains why this Bill is wanted."

The motion was put and carried.

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[a] Published in the *Fort St. George Gazette*, dated 7th March 1939.

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There being no amendments, the whole Bill was put and carried.

THE HON. DR. P. SUBBARAYAN:—" I now move—

'*that the Bill be passed into law*'."

The motion was put and carried and the Bill was passed into law.

(3) THE MADRAS MATERNITY BENEFIT (AMENDMENT) BILL, 1939.

THE HON. SRI V. V. GIRI:—" Mr. Speaker, I beg to introduce a Bill [a] to amend the Madras Maternity Benefit Act, 1934, for certain purposes and move—

'*that the Bill be taken into consideration at once.*'

" In doing so, Sir, I would like with your permission to explain the implications of the Bill and make a short statement so that hon. Members may easily understand the same.

" In the Administration Report of the Government of Madras on the working of the Factory Act, in 1937, it is stated that Government noted with concern the widespread evasion of the provisions of the Maternity Benefit Act.

" It is not the workers alone that complained about that evasion. Employers who have faithfully carried out the provisions of the Act have pointed out that many factory owners have been evading the payment of maternity benefits and have urged that to allow evasion to continue is to penalize the law-abiding employer to the benefit of his less scrupulous rival.

" The Government appointed a Court of Enquiry under the Trade Disputes Act when there were a large number of strikes in the Textile Mills at Coimbatore. The Factory Inspector giving evidence before the Court of Enquiry stated that there were approximately 6,250 women working in all the factories in Coimbatore; that out of 24 mills employing over 6,000 women, only 11 mills employing about 4,000 women paid any benefit at all during 1936; and only 16 mills employing about 4,600 women paid such benefits in 1937. Thirteen mills employing 2,000 women paid no benefit at all during 1936 and nine mills employing over 1,500 women paid no benefit during 1937. The percentage of women who received maternity benefits to that of the total number of women comes to 2 per cent in 1936 and 3 per cent in 1937. These figures are striking.

" Though there is no proof of evasion of the obligations of the Maternity Benefit Act, it is not very difficult to see that the benefits of the Act are not enjoyed by an appreciable number of women.

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a Published in the *Fort St. George Gazette*, dated 7th March 1939.

"Section 5 of the Maternity Benefit Act is as follows:—

'5. (1) Subject to the provisions of this Act, every woman worker, in a factory not being a seasonal factory shall be entitled to the payment of maternity benefit at the rate of eight annas a day for the actual days of her absence during the period immediately preceding her confinement and for the four weeks immediately following her confinement as mentioned in sub-section (2):

'Provided that a woman shall not be entitled to maternity benefit unless she has been employed in the factory of the employer from whom she claims maternity benefit for a period of not less than nine months immediately preceding the date on which she gives notice under sub-section (1) of section 6.'

"Some of the mills have understood the proviso to mean that the benefit can be enjoyed only by a woman who consecutively for 270 days up to the date of giving notice, had actually attended and worked in the mill. If she was absent for any length of time during these 270 days with leave, she does not forfeit her right, but if she happens to have been absent for one day during the 270 days without obtaining leave, then she forfeits all right to the benefit. This understanding of the section has naturally been the cause of a complete avoidance of the provision for some time.

"It would indeed be a travesty of justice to hold that the benefit will accrue only if the woman is present for 270 days without a break. In the nature of things, it is only during the period of pregnancy that a woman is more likely to be absent and such rigid and strict attendance during the period of pregnancy could not have been contemplated, when the Act was passed. Apparently this legislation was passed in pursuance of a recommendation of the Royal Commission on Labour which recommended that qualifying period of employment. At page 265 of their report they observe:

'The qualifying period of employment might be fixed at 12 months, but it *should in no case be less than nine months.*'

"It was interpreted therefore, the qualifying service to mean uninterrupted service of nine to twelve months.

"It is therefore proposed to amend section 5 by substituting the words 'any factory or factories' for the words 'in a factory.'

"It is also proposed to substitute the words 'Two hundred and forty days within a period of one year,' for the words 'nine months' occurring in the proviso to this section.

"Thus the proviso to section 5 (1) of the Act will read as follows as amended:—

> 'Provided that a woman shall not be entitled to maternity benefit unless she has been employed in any factory or factories of the employer from whom she claims maternity benefit for a period of not less than 240 days within a period of one year immediately preceding the date on which she gives notice under sub-section (1) of section 6.'

"Though the Court of Enquiry proposed a period of nine months, within a period of one year, we propose to make it eight months. If the amendments are accepted, the result will be that

the stoppage of a woman from a factory may amount to 125 or 126 days off and on, but she must have put in 240 days work to be entitled to the benefit.

" The above amendment when passed will also help to remove another minor defect brought to the notice of the Government.

" In a recent case, an employer has contended that under the law as it is to-day, a woman worker is not eligible for maternity benefit on stopping away from work on account of strike since according to him her services were automatically terminated by her act.

" It is further proposed to make a slight alteration in section 8, clause (2). As I have already stated in certain cases, employers resorted to removing women from employment on some excuse or other at the first signs of pregnancy. It is no doubt true that under clause (*a*) of sub-section (2) of section 8 ' No notice of dismissal given without sufficient cause by an employer to a woman worker within a period of three months before her confinement shall have the effect of depriving her of any maternity benefit to which but for such notice she would have been, or would on or before the date of her confinement have become entitled under this Act.'

" The Labour Commissioner suggested that the law should prohibit an employer from giving notice of dismissal of a woman worker within a period of five months instead of the present three months before confinement. It is therefore proposed to amend sub-section (2) (*a*) of section 8 by substituting ' five months before her confinement ' for ' three months before her confinement.'

" I am glad to say that all reasonable employers feel that there should be no evasion of the benefits that would accrue to a woman who is expecting her confinement, and it is therefore a measure over which there need be no controversy."

Sri V. M. Ramaswami Mudaliyar rose to speak.

MR. SPEAKER :—" There are no amendments. Is a speech necessary? Then other hon. Members also will want to speak."

SRI V. M. RAMASWAMI MUDALIYAR :—" On behalf of the workers I just want to make a few observations with regard to the working of this Bill."

MR. SPEAKER :—" Why is it necessary? There are no amendments. No hon. Member from the Opposition is speaking."

SRI V. M. RAMASWAMI MUDALIYAR :—" The very reason that there are no amendments makes it necessary that I should make a few observations. This is the first social legislation affecting the interests of labour."

MR. SPEAKER:—"Is it necessary or unnecessary?" (Laughter.)

SRI V. M. RAMASWAMI MUDALIYAR:—"Necessary, Sir."

MR. SPEAKER:—"Do the Government require any support from a member of the Congress party?"

SRI V. M. RAMASWAMI MUDALIYAR:—"Being a social legislation, I think it is necessary that I should speak a few words on this occasion."

MR. SPEAKER:—"Shall I call all the members of the Congress party to support the Bill? Everybody will rise to support the Bill. There is no opposition to the Bill."

SRI V. M. RAMASWAMI MUDALIYAR:—"I want to say a few words on behalf of those who are working in the labour world."

MR. SPEAKER:—"Your constituency wants you to speak."

SRI V. M. RAMASWAMI MUDALIYAR:—"Not my constituency particularly, Sir."

MR. SPEAKER:—"Sri Ramaswami Mudaliyar will speak for five minutes."

SRI V. M. RAMASWAMI MUDALIYAR:—"I am much obliged to you, Sir, for showing me this indulgence. I am not anxious to speak on this Bill at great length. I wish only to draw the attention of the House to the fact that the Madras Maternity Benefit Act, 1934, was the first Act of social legislation affecting the interests of labour for which the Madras Legislature made itself responsible. We have now made some amendments intended for the better working of the Act and my friends who have in common with me the interests and the welfare of labour at heart have asked me to utilize this opportunity to persuade the Congress Ministry to initiate larger and larger measures of social legislation for the welfare of labour. It is with that object that I have risen to speak.

"First of all, I wish to say that so far as labour is concerned, we welcome the features of this amending Bill. As one who had something to do with initiating the original Madras Maternity Benefit Act, I want to make a few observations. At that time the original Act was framed in such a way as to accommodate all points of view. If you will excuse a personal reference, Sir, as one who had a direct hand in introducing that legislation in the old Council, I may say I had the co-operation of all parties in the House, the co-operation of the Government, the European Group and all broad-minded Indian gentlemen who were members of the House then. There were very, very few who were opposed to this Act."

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MR. SPEAKER:—"Need we go into the history of that Act, how many people opposed, how many supported and so on?"

SRI V. M. RAMASWAMI MUDALIYAR:—"I will only say, Sir . . ."

MR. SPEAKER:—"It is not necessary to go into the details of the discussion of the Bill at that time."

SRI V. M. RAMASWAMI MUDALIYAR:—"I will be glad, Sir, if you give me a little more indulgence."

MR. SPEAKER:—"What happened at the time when the original Bill was discussed is not relevant now."

SRI V. M. RAMASWAMI MUDALIYAR:—"I only wanted to show that the original Bill was so framed as to accommodate all points of view and the various interests concerned and the result was there was a certain lacuna. The actual working of the Act showed that there were some gaps which must be filled and the Government have now come forward with an amending Bill to fill up the lacuna. I therefore welcome this Bill which I hope will make the Act work more satisfactorily.

"The second point I want to urge is this. The Hon. Minister in introducing this Bill made a brief explanatory statement. I was pained to hear that while one set of employers have faithfully carried out the provisions of the Bill, another set of employers have not done so. All decent employers have faithfully observed the implications of this social legislation, while other employers have tried to evade the provisions of the Act. I was much pained to see that. The Hon. Minister in charge of Industries and Labour has given us some figures in introducing this Bill. We see from that that the percentage of women who received maternity benefit to that of the total number of women comes to between 2 and 3 per cent. He said that in Coimbatore 13 mills employing 2,000 women paid no benefit at all. That shows that there has been evasion on a large scale by one set of employers. I agree with the Hon. Minister and my experience in the labour world has been that all decent employers, most of them European, I am glad to say, have scrupulously observed the terms of this Maternity Benefit Act and initiated many measures of social welfare in the interests of labour. But there have been cases like the 13 mills in Coimbatore employing 2,000 women but paying no benefit, where there have been evasions on a large scale.

"I want to say only two more things before I resume my seat. There is great room for undertaking social legislation for the welfare of labour. There is great agitation for it in the labour world. In spite of that, I am afraid that even this small Act is bound to be circumvented by many unscrupulous employers.

On behalf of labour I want to make this request to the Government to see that there is no evasion of the provisions of social legislation by unscrupulous employers.

"The second thing I want to urge is this. So far as social legislation is concerned, the labour world expects the same standard of observance whether it be from the Indian factory owner or the European factory owner. The cry which is raised whenever social legislation is attempted that such legislation is peculiarly unsuited to India and that it will ruin our industries has so far been falsified with regard to the Maternity Benefit Act.
1-45 p.m. This Act which is the first experiment in social legislation has in experience been found to be not only necessary in the interests of the women workers, but it has also falsified the cry that industries will be ruined if social legislation is passed. For, after the introduction of this Act, there have been mills and factories growing up in larger and larger numbers, so much so that Coimbatore to-day, we can say, has become the Manchester of South India. Some 25 or 26 mills are working in the Coimbatore area alone; and various mills are being set up elsewhere. I do hope, Sir, that the Hon. Minister for Labour who himself, in those days when he had not assumed the role of a Minister, was the active exponent of labour interests, will see that this Act is duly observed not only in letter but also in spirit by all the employers.

"I thank you, once again, Sir, for the opportunity given to me to say these few words."

* MR. H. S. TOWN:—"Mr. Speaker, as a representative of Labour has deemed it necessary to create a debate over this Bill, I should like just to say a few words. I had not intended to speak at all. My group has representatives of trade and commerce and represents some very large employers of labour. When the Maternity Benefit Act came in, I make bold to say that these employers of labour carried out the provisions of that Act faithfully and honestly. The figures that we have collected and have in our possession—I will not make them public—show us in too good a light to be given, and I do not wish to blow our own trumpet in this House, because if I do so, I may appear to be casting, rather nasty, aspersions on other people. We welcome this amending Bill, and we trust that the Government will do everything in their power to see that it is carried out. If in the working of this Bill, Government find that some one has done something, in order to avoid it, I trust that Government will not hesitate to bring in another Bill, and I can assure them my group's full support to it."

MR. SPEAKER:—"Does the Hon. Minister wish to say anything?"

THE HON. SRI V. V. GIRI:—"I do not wish to say anything more than that I thank the gentlemen who preceded me for the

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observations they have made, and to say that their views will certainly be borne in mind when putting this Bill into effect in a practical shape and form."

The motion was put and carried.

There being no amendments, the whole Bill was put and carried.

THE HON. SRI V. V. GIRI :—" I now move, Sir—

'*that the Bill be passed into law*'."

The motion was put and carried and the Bill was passed into law.

(4) THE TIRUMALAI–TIRUPATI DEVASTHANAMS (AMENDMENT) BILL, 1939.

THE HON. SRI T. S. S. RAJAN :—" Sir, I beg to introduce the Bill [a] to amend the Tirumalai-Tirupati Devasthanams Act, 1932, for certain purposes and move

'*that the Bill be taken into consideration at once*'."

The motion was put and carried.

There being no amendments, the whole Bill was put and carried.

THE HON. SRI T. S. S. RAJAN :—" Sir, I move—

'*that the Bill be passed into law*'."

The motion was put and carried and the Bill was passed into law.

IV.—RESOLUTIONS.

MOTIONS *re* AMENDMENTS TO SCHEDULE IV OF THE MADRAS DISTRICT MUNICIPALITIES ACT, 1920 (MADRAS ACT V OF 1920).

THE HON. SRI B. GOPALA REDDI :—" I beg to move Sir,

'*that the following draft of certain rules proposed to be made by the Government of Madras under section* 305 *of the Madras District Municipalities Act,* 1920 (*Madras Act V of* 1920), *altering Schedule IV to that Act, be approved* :—

Draft rules.

" (1) *To rule* 9 *of the said Schedule, the following provisos shall be added, namely* :—

'*Provided that in every case where there is an enhancement in the assessment, the executive authority shall also cause*

a Published in the *Fort St. George Gazette*, dated 21st March 1939.

[Sri B. Gopala Reddi] [3rd April 1939

intimation thereof to be given by a special notice to be served on the owner or occupier of the property concerned:

Provided further that in every case where a special notice is required to be served on the owner or occupier under the first proviso, the period of sixty days and thirty days referred to in this rule shall be calculated from the date of service of such special notice.'

" (2) *In sub-rule* (2) *of rule* 14 *of the said Schedule, the following words shall be added at the end, namely*:—

' *or, in a case where a special notice is required to be served on the owner or occupier of the property under the first proviso to that rule, on the first day of the half-year following that in which such special notice is served on the owner or occupier of the property.*' "

The motion was put and carried.

THE HON. SRI B. GOPALA REDDI :—" Sir, I beg to move—

' *that the following draft of a rule, proposed to be made by His Excellency the Governor of Madras under section* 305 *of the Madras District Municipalities Act,* 1920 (*Madras Act V of* 1920) *altering Schedule IV to that Act, be approved*:—

Draft rule.

" *In the said schedule*—

(*i*) *for clause* (*a*) *of rule* 57, *the following clause shall be substituted, namely*:—

' (*a*) *by summons in writing, require the production of any book, deed, contract, account, voucher, receipt or other document the perusal or examination of which they consider necessary*';

(*ii*) *in sub-rule* (1) *of rule* 60, *for the words* " *deficiency or loss incurred* ", *the words* " *deficiency, loss or unprofitable outlay incurred* " *shall be substituted;*

(*iii*) *rule* 61 *shall be re-numbered as sub-rule* (1) *of that rule and to the rule as so re-numbered, the following sub-rule shall be added, namely*:—

' (2) *From any decision of the court under clause* (*a*) *of sub-rule* (1), *an appeal shall lie to the High Court*'; *and*

(*iv*) *after rule* 62, *the following rule shall be added, namely*:—

' 63. *Notwithstanding anything contained in these rules the Provincial Government may at any time direct that the recovery of the whole or any part of the amount*

certified to be due from any person by auditors under this Act shall be waived if in their opinion such a course is necessary considering all the circumstances of the case.' "

* MR. G. E. WALKER:—" Mr. Speaker, I move the amendment standing in my name:

'that in the proposed new rule 63, after the words " may at any time," add the words " for reasons to be recorded in writing and laid on the table of the Legislative Assembly," **and**

'that a full stop be inserted after the word " waived " and that all the words after the word " waived " be omitted '.

" Sir, it is necessary perhaps just to sketch my reasons for moving this amendment by a reference to the effect of the new rule which my hon. Friend has proposed. Sir, the new rule provides firstly for an appeal to the High Court, and secondly for the giving of power to the Government by executive action to disallow the surcharges made by an auditor in auditing the accounts of a district municipality or any local body which comes under this Act. Sir, the most frequent circumstance in which an auditor, in auditing the accounts of a municipality surcharges anybody—that is, makes him liable to pay certain moneys which owing to his action, have been wrongfully spent—is when a resolution is carried by the local body which is either *ultra vires* or for some other good reason should involve the members of the local body in liability to penalty. The power to surcharge exists mainly for the protection of the local body and its funds, which are the money of the public, against any unwarrantable resolutions involving the spending of public money by the local bodies, and the protection lies in the knowledge that the local fund auditor may come down heavily on the wrongdoers with an order for surcharge. I may say that I speak with some experience in this matter, because I was myself very nearly made the victim of a surcharge during my tenure of office as a councillor of the Madras Corporation. Afterwards I learnt to call for a poll, if I did not agree with any resolution involving the spending of public money. That, however, is by the way.

" If the Government pass this new rule as it stands, then I am rather afraid of the possibility of pressure of an unpleasant kind being brought to bear on the Minister who is in charge of this portfolio to exercise the clemency which the Government will have the right to exercise, in circumstances where such clemency is not warranted. I am not suggesting for a moment that my hon. friend is likely improperly to exercise such a power; but I feel that, from the Government's point of view, it would be a

good thing to have this protection against a possible injudicious approach of the Minister, and from the public's point of view, it would be a good thing in that when this very important power, which is to safeguard the public and protect the public money, is to be exercised, it should be exercised in a way which brings to the attention of the public the exact circumstances in which the exercise is made. We have had occasions in this House when questions were asked, perhaps not directly, imputing improper considerations to the hon. gentlemen opposite, but suggesting that there were circumstances when executive powers had not been used properly. I think the possibility of unpleasantness of that kind, might be avoided if local bodies were made well aware that the full reasons for the use of this rather exceptional executive power were going to be recorded in writing and placed on the table of the House. I may perhaps add that there is already considerable provision made for appeal. There is already a power of appeal in the Act, and this new rule gives further power of appeal to the High Court, so that nobody will ever think that, even in the absence of an absolute right on the part of the local Government to override the auditor, the case has not had proper consideration. I hope the Hon. the Minister for local bodies will be pleased to consider and accept my amendment."

MR. H. S. TOWN:—" I second it."

THE HON. SRI B. GOPALA REDDI:—" Sir, I am sorry I cannot accept the amendment proposed. The surcharge is in many cases for a very small amount, and it is the experience of many chairmen of municipal councils that the surcharge notice is issued long long after the chairmen had ceased to be so or to have any connexion with the Council. Sometimes, notices were issued after nearly six or seven years. In all such cases, it is very difficult to place them on the table of the House and invite the discussion of the House on them. There may be many considerations, not necessarily political or personal. After all, they may do that in ignorance or where there are extenuating circumstances which may warrant a waiver of the surcharge. So, whether small or big amounts, whenever we have to waive a surcharge, it is not necessary to place it on the table of the House. We have recently published draft rules dealing with surcharge in the case of local boards members and presidents; there also there is no provision to lay such things on the table of the House, wherever we waive surcharge. So, we take power to say that we support the Examiner of Local Fund Accounts in collecting the surcharge due; but in some cases, there may be extenuating circumstances. And the Executive Government have to take into consideration all those circumstances in which that expenditure was incurred. So, I think there is no need to place all such items on the table of the House.

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If this amendment is accepted in the case of the District Municipalities Act it will have to be accepted in the Local Boards Act also. And in the case of the 6,000 panchayats, if there are cases of surcharge and waiver, it will be redundant and unnecessary to place all of them on the table of the House. So, I am sorry I cannot accept the amendment moved by my hon. Friend."

The amendment was put and lost.

The original motion was put and carried.

The House then adjourned to meet again at 3 p.m. on Monday, the 24th April 1939.

APPENDIX I.

[Vide answer to starred question No. 1143 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 3rd April 1939, page 215 supra.]

page 215 supra.

Statement showing the expenditure incurred by Government in connexion with His Excellency the Viceroy's visit in 1938.

	RS.	A.	P.
25. General Administration—Secretariat and Headquarters Establishment—Temporary Establishment in the Chief Secretariat.	163	9	0
25. General Administration—District Administration—for guarding Railway lines, etc.	1,562	12	2
29. Police—Police arrangements	32,439	0	0
50. d. Civil Works—Repairs to Buildings	233	0	0
XVII-B. Navigation Extension and improvements to buildings.	218	12	0
57. b. Miscellaneous and unforeseen charges—Charges in connexion with the visit of high personages.	2,948	4	0
Total ..	37,565	5	2

APPENDIX II.

[Vide answer to starred question No. 1153 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 3rd April 1939, page 219 supra.]

List of bulletins.

1 Milling of Rice in the Madras Presidency.

2 Wattle Bark—Its use and cultivation in India.

3 The manufacture of Sodium Carbonate from the Alkaline Soils (—"Psoudu") of the Madras Presidency—F. Marsden.

4 Soap Making by Cold Process—A. K. Menon.

5 The Development of Cumbli and Blanket Industry in the Ceded Districts of the Madras Presidency.

6 Woollen Pile Carpet Industry by D. M. Amalsad.

7 Notes on Starting Industrial Schools.

8 The Kora Mat Weaving Industry in the Madras Presidency—D. M. Amalsad.

9 The Development of Cotton Printing and Painting Industry in the Madras Presidency.

10 Development of Madras Handkerchiefs and Lungi or Kaily Industry in the Madras Presidency—D. M. Amalsad.

11 The Retannage of Dhory Hides for Sole Leather.

12 The Decortication of Groundnuts in the Madras Presidency—L. B. Green.

13 Note on Divi Divi—K. Seshachallam Chowdhury.

14 Bark of Hopea Parviflora as a Tanning Material.

15 South Indian Myrobalams—K. Seshachallam Chowdhury.

16 A Note on the Marble Industry in the Guntur district—W. Fyfe.

17 Retting of Coconut Husks for the Production of Coir—K. Seshachallam Chowdhury.

18 A Note on Subsidiary Industries for Rice Mills.

19 A Note on the Manufacture of School Slates in South India—W. Fyfe.

20 A Note on the Working of the Dogma Oil Mill—A. K. Menon.

21 Handbook of the Tanning Trade of South India.

Survey of Cottage Industries.

22 Preliminary Report on the Survey of Cottage Industries in the Cuddapah district.

23 Preliminary Report on the Survey of Cottage Industries in the Bellary district.

24 Preliminary Report on the Survey of Cottage Industries in the Kurnool district.

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Survey of the Cottage Industries—cont.

25 Preliminary Report on the Survey of Cottage Industries in the Anantapur district.

26 Preliminary Report on the Survey of Cottage Industries in the Madura, Ramnad, Trichinopoly and Tinnevelly districts.

27 Preliminary Report on the Survey of Cottage Industries in the Ganjam district.

28 Preliminary Report on the Survey of Cottage Industries in the Vizagapatam district.

29 Preliminary Report on the Survey of Cottage Industries in the East Godavari district.

30 Preliminary Report on the Survey of Cottage Industries in the Kistna and West Godavari districts.

31 Preliminary Report on the Survey of Cottage Industries in the Guntur district.

32 Preliminary Report on the Survey of Cottage Industries in the Nellore district.

33 Preliminary Report on the Survey of Cottage Industries in the Chittoor district.

34 Preliminary Report on the Survey of Cottage Industries in the Chingleput district.

35 Preliminary Report on the Survey of Cottage Industries in the North Arcot district.

36 Preliminary Report on the Survey of Cottage Industries in the Tanjore and South Arcot districts.

37 Preliminary Report on the Survey of Cottage Industries in the Salem district.

38 Preliminary Report on the Survey of Cottage Industries in the Coimbatore district.

39 Preliminary Report on the Survey of Cottage Industries in the Malabar, South Kanara and Nilgiri districts.

40 Final Report on the Survey of Cottage Industries in the Madras Presidency.

41 Report on the Ceramic Survey of the Madras Presidency.

APPENDIX III.

[Vide answer to starred question No. 1162 asked by Sri B. Bhaktavatsalu Nayudu at the meeting of the Legislative Assembly held on the 3rd April 1939, page 229 supra.]

Distribution of work.

	Approximate number of workers employed.
* Deputy Superintendent I—	
He shall be responsible to the Superintendent for the technical work of the Press in general. He should be consulted by all junior officers before schemes or replies regarding technical matters are put up to Superintendent.	300
Reminders pertaining to all departments and replies thereto.	
Final passing of the *Fort St. George Gazette*.	
Passing leave for two days.	
The following departments shall also be under his direct control:— Press and machine. Type Store. Carpentry. Electrical. Mechanical. Gate establishment.	
Pass leave up to two days normally and in exceptional cases in the absence of the Superintendent for longer periods.	
* Deputy Superintendent II—	
Pass leave up to two days	500
Shall be in charge of the following departments:— Reading. Paper and Printing Store. Binding. Job composing. Head Despatch and Forms sections. Gazette composing and gazette clerk. Foundry and stereo and electro and rubber stamp clerk.	

* Responsible also for keeping in perfect running condition of a large battery of about 150 costly printing, binding and type-casting machines and for seeing that the several workmen on the machine give the outturn expected of each machine.

	Approximate number of workers employed.
Assistant Superintendent I—	
Pass leave up to one day	800
Shall be in charge of the following composing and other departments :—	
Vernacular.	
Mount Road Gazette.	
High Court.	
Book department.	
He shall sign all credit notes.	
* Lino Instructor—Full charge of Linotype department.	
* Mono Instructor—Full charge of Monotype department.	

* Responsible also for keeping in perfect running condition of a large battery of linotype and monotype machines and for seeing that the several workmen on the machine give the outturn expected of each machine.

THE MADRAS LEGISLATIVE ASSEMBLY

Monday, 24th April 1939.

The House met in the Assembly Building Chepauk, at three of the clock, Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Reasons, if any, for not entrusting to the Madras Public Service Commission the recruitment to some of the provincial services.

* 1165 *Q.*—SRI P. BUCHAPPA NAYUDU: Will the Hon. the Prime Minister be pleased to state—

(*a*) what the provincial services are to which recruitment is not vested in the Madras Public Service Commission;

(*b*) whether he will be pleased to place on the table of the House a list of such services and the respective authorities in charge of recruitment for the same; and

(*c*) the reasons for not entrusting to the Madras Public Service Commission the recruitment to some of the provincial services?

THE HON. SRI C. RAJAGOPALACHARIAR:—" (*a*) & (*b*) A list [a] is placed on the table of the House. Recruitment to all the posts included in the list is made by the Provincial Government.

" (*c*) Because that procedure will not result in any advantage from the point of view of the service required in these cases."

Publication of certain articles in certain journals of Madras.

* 1166 *Q.*—SRI R. VENKATASUBBA REDDIYAR: Will the Hon. the Prime Minister be pleased to state—

(*a*) whether the attention of the Government was drawn on 28th March 1939 by some hon. Members of this Legislature to the scurrilous and provocative articles published in certain journals of Madras;

(*b*) whether the Government are aware of the serious consequences of the continuous publication of such articles tending to excite communal hatred and contempt of authority; and

[a] Printed as Appendix I on page 331 infra.

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(c) what steps the Government intend to take to prevent its repetition?

THE HON. SRI C. RAJAGOPALACHARIAR:—" (a) & (b) The answer is in the affirmative.

" (c) The Government consider it on the whole desirable to ignore such scurrilous publications, trusting to the good sense of citizens, and in the hope that the profession of journalists in Madras will take adequate steps to maintain a proper standard of journalism."

Assignment of land to the landless poor.

* 1167 Q.—SRI K. V. R. SWAMI: Will the Hon. the Minister for Revenue be pleased to state—

(a) whether the Government have accepted the scheme for assigning all available land to the landless poor (referred to in Starred question No. 90 answered on 19th August 1938); and

(b) if so, what this scheme is?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" (a) & (b) The scheme referred to is under the consideration of the Government."

Land revenue remissions in Malabar.

* 1168 Q.—P. K. MOHIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Revenue be pleased to state—

(a) whether the Government have received any report from the Committee appointed by the Malabar District Board to go into the question of land revenue remissions in the district;

(b) what the recommendations are;

(c) whether the Collector of Malabar has sent any report to the Government about the failure of crops in the district; and

(d) whether the report will be placed on the table of the House?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" (a) The Government have received a report purporting to have been sent by a committee appointed by the district board.

" (b) The Government do not consider that it is for them to divulge the requests contained in communications addressed to them by 'private parties.'

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"(c) & (d) The Government have received a report from the Collector of Malabar in the matter. No orders have yet been passed on the report and further enquiries are being made. The Government do not consider that any useful purpose will be served by placing the report on the table of the House."

Failure of second crop in Ponnani and Palghat taluks.

* 1169 *Q.*—P. K. MOHIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether the Government are aware that the second crops have almost completely failed in the taluks of Ponnani and Palghat; and

(*b*) whether the Government have granted any special remissions in the same taluks?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—"(*a*) The Government understand that the second crop on single-crop wet lands in parts of the Palghat and Ponnani taluks of the Malabar district failed during the current fasli.

"(*b*) The attention of the hon. Member is invited to the answer given to clause (*a*) of the short notice question No. 1050-A on 25th March, 1939. The local officers are competent to grant remissions for the failure of wet crops. The Government have not granted any special remissions to these two taluks for failure of crops."

Grant of loans to agriculturists in the Palghat division.

* 1170 *Q.*—P. K. MOHIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) the number of applications received from agriculturists for Government loan in the Palghat division in 1938–39 and the total amount applied for;

(*b*) the number of loans granted and the total amount;

(*c*) the amount set apart for the year 1938–39 in the Palghat Division; and

(*d*) the amount so far disbursed in Ponnani and Palghat taluks?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—"(*a*), (*b*) & (*d*) The Government have no information.

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"(c) Allotments have been made on a district basis and the Collectors may distribute the amounts among the divisions in their districts from time to time with reference to the actual needs of each division."

Prevention of soil erosion in Polagudi village, Nannilam taluk, Tanjore district.

* 1171 *Q.*—SRI P. R. K. SARMA: Will the Hon the Minister for Public Works be pleased to state—

(*a*) whether it is a fact that there is loss of soil by erosion in Polagudi village, Nannilam taluk, Tanjore district;

(*b*) whether any action was taken by the Government to prevent loss of soil by erosion; and

(*c*) if the answer to clause (*b*) be in the negative, when the Government propose to take action?

THE HON. MR. YAKUB HASAN:—"(*a*) It is reported that there are no serious erosions in Polagudi village limits.

"(*b*) Necessary protective works are being carried out wherever serious erosions are observed. Generally speaking, no such erosions are noticed by local officers as the rivers do not overflow the banks.

"(*c*) Does not arise."

Bad condition of the Viyyam lock near Ponnani.

* 1172 *Q.*—P. K. MOHIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) whether he personally made an inspection of the Viyyam lock near Ponnani and saw the bad condition of the lock there; and

(*b*) whether the Government have done anything in the matter?

THE HON. MR. YAKUB HASAN:—"(*a*) The answer is in the affirmative.

"(*b*) There are six shutters for the dam. Each shutter is in two sections, one upper and one lower and are not watertight. Some of the woodwork of the shutters is rotten. Leakages have been temporarily prevented by coffer boxes put in front of the dam and salt water thus kept out from fields. An estimate has been prepared for replacing the existing double shutters with single shutters. The work is expected to be completed in 1939–40."

Levy of toll on boats at the Velliangode lock.

* 1173 *Q.*—P. K. MOHIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) whether he has received various representations about the need for the abolition or reduction of the levy of toll on boats at the Velliangode lock; and

(*b*) what the Government propose to do in the matter?

THE HON. MR. YAKUB HASAN:—" (*a*) The answer is in the affirmative.

" (*b*) A report has been called for from the Chief Engineer for Irrigation in the matter and it is awaited."

Introduction of hand-spinning and handloom-weaving in jails for men.

* 1174 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state—

(*a*) what the result of the experiment of hand-spinning and handloom-weaving with handspun yarn in the Presidency Jail for Women, Vellore, is; and

(*b*) whether it will be extended to other jails where men prisoners are confined?

THE HON. DR. P. SUBBARAYAN:—" (*a*) The experiment is still being tried and no conclusions have been reached.

" (*b*) The question is under consideration."

Jails without radio sets.

* 1175 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state in which of the jails there are no radio sets set up as yet?

THE HON. DR. P. SUBBARAYAN:—" Radio sets have not yet been set up in the following jails:—

Central Jail, Rajahmundry.

Central Jail, Cannanore.

Central Jail, Salem.

District Jail, Madura.

District Jail, Cuddalore."

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Supply of pounded rice and khaddar to prisoners in jails.

* 1176 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state—

(*a*) whether the Government considered the question of supplying pounded rice and khaddar to prisoners in all the prisons; and

(*b*) if so, what the result is?

THE HON. DR. P. SUBBARAYAN:—"(*a*) The answer is in the affirmative.

"(*b*) The Government have not yet arrived at any final conclusions."

Technical subjects taught in Borstal schools.

* 1177 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state the technical subjects taught in Borstal schools?

THE HON. DR. P. SUBBARAYAN:—"Carpentry, tailoring, weaving, binding, blacksmith work, masonry, agriculture and band music are taught in the Borstal Schools at Tanjore and Palamcottah. In addition, motor mechanical instruction is given in the Borstal School, Palamcottah."

Nature of diet given to the inmates of Borstal schools, classwar.

* 1178 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state the nature of diet given to Indian, European and Anglo-Indian inmates, respectively, in Borstal schools?

THE HON. DR. P. SUBBARAYAN:—"The scales of diet for inmates in Borstal Schools are classified as—

(1) for inmates whose main diet is bread; and

(2) for other inmates—vegetarian and non-vegetarian.

"A statement [a] showing the scales of diet is placed on the table of the House."

Introduction of spinning and paper-making by hand in Borstal schools.

* 1179 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state—

(*a*) whether the Government have considered the question of introducing into Borstal schools, spinning and paper-making by hand; and

[a] Printed as Appendix II on page 332 infra.

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(*b*) if so, with what result?

THE HON. DR. P. SUBBARAYAN:—" (*a*) & (*b*) The question is under the consideration of the Government."

Proposal to close the toddy and arrack shops in the Mangalore municipal limits every Saturday and Sunday.

* 1180 *Q.*—SRI K. ISHWARA: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether it is a fact that in December 1938, the Mangalore Municipal Council requested the Government to close the toddy and arrack shops within the municipal limits on every Saturday and Sunday: and

(*b*) if so, what the Government propose to do in the matter?

THE HON. SRI V. I. MUNISWAMI PILLAI:—" (*a*) A resolution on the subject by the Mangalore Municipal Council was received in January last.

" (*b*) The Government do not see much good in such proposals for partial prohibition."

Reduction of railway freight for the transport of Tanjore and Trichinopoly rice to Colombo.

* 1181 *Q.*—SRI A. PL. N. V. NADIMUTHU PILLAI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether it is a fact that the Madras Government deputed Mr. Kolandaswami Pillai, Deputy Director of Agriculture, to study the market condition in Colombo and to find out market for Tanjore and Trichinopoly rice there;

(*b*) whether it is a fact that he has written to the Government that on account of the increased railway freight of the South Indian Railway Company, the Tanjore and Trichinopoly rice lost the Colombo market;

(*c*) whether it is a fact that he impressed on the Madras Government to take immediate steps to reduce the railway freight, from Tanjore to Colombo in order to restore the Colombo market for Tanjore and Trichinopoly rice; and

(*d*) what action has been taken on his report?

THE HON. SRI V. I. MUNISWAMI PILLAI:—" (*a*) Sri N. S. Kolandaswami, Deputy Director of Agriculture, V Circle, was deputed in May 1932, to Ceylon in order that he might study the market for Tanjore rice and report how it could be maintained and extended.

" (*b*) The fact is not as stated. That officer recommended reduction of railway freight.

"(c) He suggested that a reduction of 8 annas a bag should be made.

"(d) The rate was reduced by 16 per cent with effect from 10th April 1933."

Appointment of Honorary Factory Inspectors.

* 1182 Q.—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) whether the question of appointing Honorary Factory Inspectors was considered by the Government; and

(b) if so, what the result is (Reference: Starred question No. 100 answered on 19th August 1938)?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—"(a) & (b) Decision of the Government will be announced soon."

Particulars regarding the post of Curator, Madras Record Office.

* 1183 Q.—SRI T. T. KRISHNAMACHARIAR: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(a) when the post of Curator of the Madras Record Office was created and who was appointed to the post then and on what pay;

(b) what the duties or special items of work assigned to the Curator were; and

(c) what the progress made in respect of these items of work is?

THE HON. SRI S. RAMANATHAN:—"(a) The post was first created in 1910. Mr. H. Dodwell was appointed to the post on the pay admissible to him as an officer of the Indian Educational Service, viz., Rs. 500—50—1,000 *plus* a local allowance of Rs. 100.

"(b) The Curator was asked to attend to the following among other things:—

(1) the proper arrangement and cataloguing of the various papers and records;

(2) the deciphering and printing of the older records;

(3) the preparation of selections from the records;

(4) the publication of calendars of old documents for selected periods;

(5) the preparation of press-lists.

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"(c) The hon. Member is referred to the annual reports of the Curator which explain in detail the progress made from time to time in the several items of work done in the Record Office. The reports for three years are placed in the library of the Madras Legislature."

Work performed by the present Curator of the Madras Record Office.

* 1184 *Q*.—Sri T. T. KRISHNAMACHARIAR: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) when the present Curator was appointed; and

(*b*) what the items of work (special work or the like) that are to be done by the present Curator are?

The Hon. Sri S. RAMANATHAN:—"(*a*) In 1934.

"(*b*) The hon. Member is referred to the annual reports of the Madras Record Office, copies of which are placed in the library of the Madras Legislature."

Abolition of the post of Assistant Curator in the Madras Record Office.

* 1185 *Q*.—Sri T. T. KRISHNAMACHARIAR: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) when the post of Assistant Curator was created and why;

(*b*) what the delay in the issue of orders abolishing the post of Assistant Curator is due to—which were foreshadowed in the Legislative Assembly in reply to my interpellation No. 55 (starred) answered on 17th August 1938;

(*c*) whether the post of any gazetted assistant was in existence when Mr. Dodwell was the Curator; and

(*d*) how work was conducted during Mr. Dodwell's tenure of office (both special and ordinary routine work)?

The Hon. Sri S. RAMANATHAN:—"(*a*) The Assistant Curator was first appointed in 1930 to assist the Curator in the day to day administration of the Record Office.

"(*b*) It has since been found that the work in the Record Office requires a permanent Assistant Curator. Orders have therefore been issued sanctioning the permanent retention of the post, but on a reduced pay of Rs. 190—20/2—270.

"(*c*) & (*d*) The necessity for a gazetted assistant was not felt when Dr. Dodwell was Curator. The work in the Record Office has considerably increased since then."

Date of next elections to the Malabar District Board.

* 1186 *Q.*—P. K. MOHIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) whether it is a fact that the Government have ordered elections for the Malabar District Board to take place in October next; and

(*b*) what the reasons are for the same especially as the term of the Board should, in the ordinary course, expire only a year hence?

THE HON. SRI B. GOPALA REDDI:—" (*a*) The answer is in the negative.

" (*b*) In view of the answer to clause (*a*) the question in this clause does not arise. The date of expiry of the term of office of the existing members has not yet been fixed under section 2 of the Madras Act VIII of 1938."

Amount of increase in the fees collected in colleges in 1938–39.

* 1187 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether there has been any increase in the income of college fees in 1938–39 on account of increase in fees; and

(*b*) if so, what the same is (Reference: Starred question No. 97 answered on 19th August 1938)?

THE HON. SRI C. J. VARKEY:—" (*a*) Yes.

" (*b*) The total increase of fee income in all arts colleges, both under public and private management, is about Rs. 76,745. This figure is based on the strength of the various colleges as it stands in the current year."

Reasons, if any, for the schools reported as inefficient not commanding sufficient number of pupils.

* 1188 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state with reference to starred question No. 272 answered on 5th March 1938—

(*a*) out of the 206 board schools and 627 schools under private management, which were reported to the District Educational Councils as inefficient, how many were abolished; and

(*b*) the reasons for these schools not commanding sufficient number of pupils?

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THE HON. SRI C. J. VARKEY:—"(a) Recommendations made to District Educational Councils were accepted in almost all cases. Exact figures are not available.

"(b) Generally because of the indifference of parents."

Proposal to transfer the girls' schools in the Calicut range in Kottayam taluk to the Kurumbranad range.

* 1189 Q.—SRI M. P. DAMODARAN: Will the Hon. the *Minister for Education* be pleased to state—

(a) the number of girls' schools in Kottayam taluk under the Calicut range; and

(b) why these schools were not included in the Kurumbranad range, which is nearer to Kottayam taluk?

THE HON. SRI C. J. VARKEY:—"(a) Forty-eight schools.

"(b) There are already 100 schools in the Kurumbranad range which is more than the average for one range."

UNSTARRED QUESTIONS.

Anglo-Indians in Government employ.

354 Q.—MR. E. H. M. BOWER: Will the Hon. the Prime Minister be pleased to state how many Anglo-Indians were in Government employ (a) as Gazetted Officers, (b) as non-Gazetted Officers on Rs. 100 and above and (c) as non-Gazetted Officers on Rs. 35 and upwards but below Rs. 100 in the years 1920 and 1937 in the following departments:—

(1) Police.

(2) Revenue.

(3) Forest.

(4) Excise.

(5) Public Works Department.

(6) Civil Medical Department.

(7) Educational?

A.—A statement [a] is laid on the table of the House as far as one could be prepared. In respect of departments for which information is not available for 1920, the figures for the earliest year after 1920 for which the information is available are given. Figures for 1938 are given instead of for the year 1937.

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a Printed as Appendix III on page 333 infra.

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Employment of qualified persons belonging to Ceded districts in the Public Works and Local Fund Engineering Departments.

355 *Q.*—Sri KONDA VENKATAPPAYYA: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) the number of students belonging to the districts of Anantapur, Bellary, Cuddapah and Kurnool that have obtained the B.E Degree diplomas (Madras) during the last ten years;

(*b*) the number that have obtained Upper Subordinate certificates during the last ten years from these districts;

(*c*) the number amongst them that have obtained appointments in the Public Works Department and Local Fund Engineering Department; and

(*d*) whether the Government will consider the desirability of securing proper representation of qualified men from these districts in the said services?

A.—(*a*), (*b*) & (*c*) The information is not available and has been called for.

(*d*) This question will be considered if necessary on receipt of the information referred to in the answer to clauses (*a*) to (*c*).

Grant given to higher elementary grade teachers in aided schools.

356 *Q.*—Sri N. ANNAMALAI PILLAI: Will the Hon. the Minister for Education be pleased to state—

(*a*) how many aided elementary schools there were during 1937–38 in the Tiruvannamalai, Chengam and Polur taluks of the North Arcot district;

(*b*) how many there are at present;

(*c*) what the starting pay of the higher elementary grade teachers in the local boards, the Government schools and the panchayat board schools is; and

(*d*) the amount of grant given to the higher elementary grade teachers in aided schools?

A.—(*a*) & (*b*) The information is not readily available.

(*c*) The starting pay of a higher elementary trained teacher in Government service is Rs. 23; in district board service it is Rs. 20. No scale of pay has been fixed for teachers in panchayat schools.

(*d*) Rs. 156 per annum.

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Honorary visitors appointed to the Labour schools in the South Kanara district.

357 *Q.*—SRI K. ISHWARA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) how many honorary visitors are appointed to the Labour schools in the South Kanara district;

(*b*) how many of them are Hindus; and

(*c*) what their names are?

A.—(*a*) *to* (*c*) The Government have no information but have called for a report.

Selection of scheduled class and Muhammadan candidates for the posts of upper division clerks in the Madras Secretariat Service.

358 *Q.*—SRI V. KURMAYYA: Will the Hon. the Prime Minister be pleased to state—

(*a*) whether applications were invited from the scheduled classes and Muhammadans for vacancies of upper division clerks in the Madras Secretariat Service during September 1938;

(*b*) the number of posts for which applications were called for;

(*c*) the qualifications prescribed for the candidates for the above posts;

(*d*) the number of candidates that applied from each of the above communities; and

(*e*) whether it was mentioned in the notification that preference would be shown to the members of the scheduled classes?

A.—(*a*) The answer is in the affirmative.

(*b*) Three.

(*c*) First class degree of B.A. or B.Sc. or the degree of M.A. or M.Sc., B.A. (Hons.) B.Sc. (Hons.) or a degree in Law or a first-class degree of B.Com. of the Andhra University. It was announced that for one of the three appointments a candidate with a degree in Law would be selected, if available.

(*d*) There were four qualified applicants from the Muhammadan community and none from the scheduled classes.

(*e*) The answer is in the affirmative.

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Wells sunk for the Harijans in the Tanjore district this year.

359 *Q.*—SRI M. MARIMUTHU: Will the Hon. the Minister for Industries and Labour be pleased to state the number of wells dug for the use of the Harijans in the 11 taluks of the Tanjore district, during this year?

A.—The Government have no information, but have called for a report.

Construction of tenements for street scavengers and latrine totis in the Tanjore district.

360 *Q.*—SRI M. MARIMUTHU: Will the Hon. the Minister for Public Health be pleased to state whether any petitions have been received regarding the construction, in the other taluks of the Tanjore district, of tenements for street scavengers and latrine totis such as those that have been constructed for the use of these classes in certain taluks of the aforesaid district?

A.—The answer is in the negative.

Construction of a road from the cheri in Pattukkottai to the near-by Fort tank.

361 *Q.*—SRI M. MARIMUTHU: Will the Hon. the Minister for Industries and Labour be pleased to state whether the question of laying a road from the cheri of the Harijans in Pattukkottai to the Fort tank which is near-by is under the consideration of the Government?

A.—The Government have no information but have called for a report.

Co-operative societies started and proposed to be started for the Harijans in the Tanjore district.

362 *Q.*—SRI M. MARIMUTHU: Will the Hon. the Minister for Industries and Labour be pleased to state how many co-operative societies have been started so far for the benefit of the Harijans in the Tanjore district and how many societies are proposed to be started this year?

A.—The Government have no information but have called for a report.

Place for conducting enquiries in regard to the grievances of Harijans.

363 *Q.*—SRI M. MARIMUTHU: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) when petitions are submitted to the District Collector and the Labour office regarding the hardships and sufferings of the

Harijans, whether the officials making enquiries about the welfare of the Harijans go to the cheris and make enquiries there; and

(b) whether the Hon. the Minister for Public Information proposes to issue orders stating that these enquiries should be conducted in the cheris themselves?

A.—(a) The Government have no definite information. Enquiries into petitions are generally made in the cheris wherever necessary.

(b) There is no such proposal at present.

Release of Sri V. M. Vishnu Bharathiyan.

364 Q.—SRI E. M. SANKARAN NAMBUDRIPAD: Will the Hon. the Prime Minister be pleased to state—

(a) whether the Government have received representations requesting the Government to release Sri V. M. Vishnu Bharathiyan, the leader of the peasants in Chirakkal taluk; and

(b) if the answer to the above is in the affirmative, what action the Government have taken in the matter?

A.—(a) The Government have received copies of resolutions containing this request.

(b) The Government see no grounds for interfering with the sentence imposed by the magistrate in this case.

Number of Harijan police constables in the Province.

365 Q.—SRI S. C. BALAKRISHNAN: Will the Hon. the Prime Minister be pleased to state how many of the police constables working in this Province are Harijans?

A.—The total number of members of the scheduled classes employed as constables in this Province on 1st March 1939 was 796.

Roads in forest areas.

366 Q.—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(a) what the length of the roads in forest areas is; and

(b) the amounts spent in each of the last five years on repairs?

A.—(a) Four thousand miles.

(b) Amounts spent in each of the last five years on repairs are the following:—

Year	Amount. RS.
1933–34	88,832
1934–35	86,354
1935–36	96,705
1936–37	91,831
1937–38	1,06,156

[Note.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—GOVERNMENT BILLS.

(1) THE MADRAS GENERAL SALES TAX BILL, 1939.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I beg to present the Report of the Select Committee on the Madras Sales Tax Bill, 1939, copies of which are being distributed, I think. Hon. Members may be informed at this stage by me briefly about the changes made. As before in the original Bill, dealers whose turnover is from zero to Rs. 10,000 per annum, would be continued to be exempt. In the case of dealers whose turnover is between Rs. 10,000 and Rs. 20,000, the rate is fixed now at Rs. 5 per mensem, that is to say, it is worked on a basis much nearer to the Rs. 10,000 than to the Rs. 20,000; and in the case of dealers whose turnover is above Rs. 20,000, the rate is kept at the same figure as was originally proposed, namely, half per cent.

" The exemptions under the Bill as now revised may be summarized thus: The commodities taxed under the other taxing Acts, particularly taxing Acts like the Madras Abkari Act, or the Madras Motor Spirits Act, or the Electricity Act or the Tobacco Act, are excluded from the operation of this Bill. Stocks and shares and securities are excluded by a definition. Then bullion, specie, cotton and cotton yarn are wholly exempted. Tanned skins and hides which are mainly, if not wholly, commodities of export will be taxed only at one point and manufactured exports, finished articles of industry and manufacture, will have a rebate of half the tax paid. Handloom cloth is completely exempted.

" Then in regard to the organization of business, the apprehension was expressed by members of particular communities with reference to various small matters; they have all been provided for, such as the transfer of stock from one branch of the same business to another, services rendered in connexion with goods and discount given and such like difficulties have all been
15 solved in favour of the tax-payer. With regard to exported
m. commodities where the dealer is primarily the buyer and not the seller, care has been taken to provide that the buyer is not taxed again; if he is once taxed as buyer, he is not taxed as a seller. On the same transaction, both the parties are not to be taxed; only one of them can be.

" Another point that the Committee considered was the position of those who do not act on their own account but merely as pure agents and get only a commission or brokerage. They have been provided for also

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" Another apprehension was expressed with regard to retrospective effect. That, I submit, has been set at rest.

" I do not think, Sir, that I need take the time of the House with further details. This in substance represents the changes made by the Select Committee."

MR. SPEAKER:—" On what date will the Bill be taken into consideration?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I request the House to take this into consideration on the 8th May 1939."

(2) THE MADRAS TOBACCO (TAXATION OF SALES AND LICENSING) BILL, 1939.

THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I beg to present the Report of the Select Committee on the Madras Tobacco (Taxation of Sales and Licensing) Bill, 1939, and move—

'*that the Bill* [a] *as amended by the Select Committee be taken into consideration.*'

I might at once state that the Select Committee has given up the monopoly system to which objection was taken on the ground that it would disturb the trade organization as it now stood. Whatever might be the merits and whatever might be the effect on the revenues the Committee has accepted that objection and has replaced it by a wholesale tax and a retail tax, the wholesaler being taxed at 2 per cent and the retailer being taxed at 10 per cent per annum on the turnover. The tax on the retail turnover has been fixed at Rs. 6, Rs. 15 and Rs. 30 per year for three stages so that the dealer whose turnover does not exceed Rs. 500 will fall under one or other of these three classes and there will not be a minute examination of what exactly the turnover is in respect of each case. It is expected that this will facilitate the assessment and will remove friction on either side. If the turnover exceeds Rs. 500 the 10 per cent *ad valorem* rate operates.

" I might mention here the one important principle accepted in the revised Bill and that is that manufactured tobacco as it is defined in the Bill which begins, so to say, from bidis upwards is brought under these two taxes. The wholesaler in other commodities than manufactured tobacco would have only to take out a licence and pay the fee prescribed whatever may be the volume of his business. That in essence is the main feature of the revised Bill. I do not think, Sir, I should detain the House further on this matter.

" The discussion has been fairly exhaustive on a previous occasion and the important change having been made in consideration of what was urged against the monopoly system which has been taken out of the picture just now, the discussion ought to be simple and the only question would be the merits of the rates. As regards

[a] Printed as Appendix IV on page 334-353 infra.

the rate, considering the prices at which the articles are sold in retail and taking fully into account all the circumstances of the business in this commodity the rates fixed by the Select Committee are unexceptionable. I might say without fear of contradiction from the Opposition that the Committee worked very harmoniously and came to conclusions more or less, if not absolutely unanimously, satisfactory to all parties concerned and I hope that that will be reflected in the discussions of the House on the Bill which I now commend for the acceptance of the House. I move, Sir, that the Bill be taken into consideration."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" I must at the outset express our sense of gratitude to the Hon. the Premier, the Chairman of the Committee—when I say ' our,' I mean the members of the Committee including myself also —for coming to a very wise decision in abolishing the monopoly vend. I believe, when the Bill was introduced on the last occasion, all sections of the House were opposed to the inclusion of this system and I am glad that the Committee has rightly reflected that opinion; and it was practically unanimous in removing this most objectionable feature of the Bill. But while we were anxious that the system should disappear—I am saying this more as a member of the House than as a member of the Select Committee—for it had very many disadvantages, we did not for a moment apprehend that that system would be replaced by another system which would practically break the camel's back. It is true that tobacco is taxed everywhere in the world and even in our very borders also. As such we have no objection to the principle of taxing tobacco. But in doing so, we should take into account certain factors. One of them is whether the use of manufactured tobacco is confined only to a few people or whether it is used practically universally in our country in some form or another. Tobacco is used by our people. It is manufactured into bidis, cigars and cigarettes and used by our people of all ages. Snuff is a most favoured tobacco product used by very highly placed people and among them are the most intellectual of our people. We find, Sir, that in our country, at any rate, tobacco is very largely used in some form or another. This very fact has been taken advantage of by the Government for improving the finances of the Government. Nobody grudges that the Government have chosen this commodity for purposes of taxation and try to derive certain amount of revenue therefrom. But it should be the concern of the Government not to destroy either the manufacture or the trade in this commodity. It affects not only the trade as a whole but also the livelihood of a large number of people. I would urge certain propositions for the consideration of the Hon. the Premier in connexion with this Bill.

" I would ask the Hon. Premier, Sir, whether it would not be more practicable to substitute this system of turnover tax on both the wholesaler and the retailer by a method of licensing

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of all these traders. In my opinion—I feel that I am echoing the opinion of experts on this question—it would be a more practicable method of collecting taxes from this class of people. If this measure were to be passed into law, under the system of licensing in some cases and taxing on the basis of turnover in other cases, business will be dislocated. Not only that; it will also make the collection of revenue much more difficult than it will be if the licence fees alone were levied.

" Coming to the actual rates that have been fixed, as has been said by the Hon. the Premier, the dealer in tobacco, both cured and uncured, has to pay a licence fee of Rs. 100 or Rs. 50 and it does not matter what business he does. It is only the class of persons engaged in manufactured tobacco, namely, of bidis, cigars and cigarettes, that have been called upon to pay the turnover tax. In the case of a wholesale dealer of manufactured articles, he has been called upon to pay a turnover tax of 2 per cent. I might at this stage tell the House that, not being traders ourselves in this particular trade, we of the Committee were not aware that there were many more stages than one so far as the wholesale trade was concerned. We are now informed, 3-30 p.m. or rather, we come to understand that the wholesale sale is not confined to one stage alone; in fact, there are many more stages in the wholesale sale of the commodities than what we contemplated. If the intention of the Select Committee was to confine the tax to 2 per cent at one point, that is, the place wherefrom the manufactured goods is either issued or received and then distributed to the other wholesale dealers that intention has been defeated. For, our intention was that ultimately the tax should be 10 plus 2, 12 per cent on the commodity on the whole. But now, having come to realize that there are many more stages in the wholesale business, the tax will not stop at 12 per cent, but in several cases it will go up to 16 per cent or even 18 per cent before the commodity reaches the consumer. This is certainly a hardship which we did not realize, and I am sure, at least at this stage, it will be possible for us—I mean particularly the Government—to agree to levying the tax on the wholesale sale at one stage only. I hope it will be possible to do this before the Bill is passed into law.

" Then, Sir, the retail dealers are expected to pay a heavy tax of 10 per cent besides the licensing fee. This is indeed a very high rate of tax. There is a difference made between this article and other articles of trade; for, in the General Sales Tax Bill the maximum rate fixed is only half per cent. Although it has got a cumulative effect, the tax on the whole will not come to this figure of 10 per cent on the small dealers. In this connexion, I would like to draw the attention of the Hon. the Premier that this graded system of taxation has got very many disadvantages It will certainly work not only hardship on the various stages of

dealers but will certainly make invidious distinction between one dealer and another. For, a person whose turnover of business does not exceed Rs. 100 is called upon to pay a tax of Rs. 6 at the end of one year, and another person whose turnover may be only Rs. 110 will have to pay Rs. 15. You can realize, Sir, that this marked disparity in the lower rungs of the business will be too manifest and naturally it will work great hardship on trade. Similarly, in the case of those who are called upon to pay Rs. 30 the hardship will be equally great. The only justification for this heavy rate of tax is that if the dealer is not able to absorb it, he will naturally pass it on to the consumer. But if we examine the practical aspect of the question, we would realize that in most cases, particularly in the case of consumers who are mostly very poor, the passing of this measure will entail great hardship and so the measure will fail to achieve its object.

"For, take the case of the bidis. Take a person who buys two bidis for a single pie. Such people are poor and are very large in number. At this stage I need not go into the moral aspect of the question. I shall confine myself to the trade aspect and the right of Government to tax this commodity at this high rate. Hereafter, after the passing of this measure the poor man will have to forego one bidi, and will have to be content with one bidi for one pie. No doubt it may be good to smoke less number of bidis than he has been doing till now. But you must remember that although it is a very small thing so far as the purchaser is concerned, yet the natural result will be that the manufacture of it will be affected. Fifty per cent of the manufacturers will be affected. And a reduction in the total output by 50 per cent means throwing out of employment of a comparatively large number of workers who are now engaged in this industry. And who are the workers? Tens and thousands of poor men and women and widows. And this is true not only of the City of Madras but of the whole Province. Rightly or wrongly, this manufacture has been in existence and rightly or wrongly, people have been in the habit of smoking; and the question is not whether they should give up this habit, for we have not come to a stage when we should tell our people that it is bad to smoke like liquor or drink and therefore should be given up; and I do not think the Hon. Premier will go to that extent, if he expects to get his estimated revenue. In fact it should be his endeavour to develop this trade and it should be his effort to make poor people smoke, as otherwise he cannot realise the revenue he expects out of this tax; and that is why he has fixed the rate of tax as high as 10 per cent and 2 per cent. But the real consequence of this high rate of tax will be to reduce the volume of output of the bidis with the natural result that many people hitherto employed in this industry will be thrown out of work. Sir, I do not want to say here that it will be cold blooded murder to throw such a large number of people out of employment. Such

people do not have any other profession to fall back upon. They have been asked to spin cotton, but they have not done it, and even if they do it, they can only earn at the most 2 to 3 annas a day. About fifty thousand and odd people are engaged in this bidi industry in the City and in the mufassal, mostly gosha women and widows. And naturally, if you are going to levy a high rate of tax on this trade the inevitable result, as I said before, will be to throw them out of employment. So I hope, Sir, before we proceed with the amendments it will be possible for the Hon. the Premier to consider whether it will not be in the interests of our own people in the Province to so reduce the rate of tax as to make its working practicable and not work hardship, as will be the case if the present rate is retained."

* MR. H. S. TOWN :—" Mr. Speaker, like the last hon. Member I have to congratulate the Select Committee on the giving up of the monopoly vend system, and so I need not state here all the objections to that system. But I am going to state my objections to the present Bill on the scale of taxation laid down therein.

" My main objection to this Bill lies in the fact that it seeks to impose a scale of taxation which is best described as penal. The Madras General Sales Tax Bill has proposed a scale which by many is held to be much too high. Now, Sir, I am not in this connexion going to trot out the Assembly camel. I propose to keep him and bring him out for show on a more important occasion next month. But I do ask that Government should give full consideration to the views of those who will bear the taxes that are to be imposed. Taxing measures are never popular with their victims and this one is no exception, but I assert and I am confident that Government will agree that the tobacco trade, wholesale and retail, is not unwilling to bear a fair share of the taxes that must be levied to provide funds for the administration. The trade, however, objects most strongly to being singled out for treatment which, I submit, is unduly hard and severe, and taxation which will have serious repercussions and do a great deal of harm. I may here, Sir, give the House the particulars of the structure of this highly organized and efficiently conducted trade. There are several types of dealers handling tobacco in its various forms 3-
before it reaches the retailer. The usual channels from the manu- P.
facturer to the retailer are as follows: From the grower or manufacturer to the distributor or agent; from the distributor or agent to his own dealer; from the town dealer to the petty dealer and from the petty dealer to the retailer who in his turn sells to the consumer. Here, Sir, we have from the grower or manufacturer to the retailer four stages, each of which is going to be taxed two per cent, i.e., 8 per cent in all. This will cause the retailer to endeavour to get his goods direct from the distributor or agent or possibly from the actual manufacturer. If he succeeds in this,

and he may, he will drive many town and petty dealers out of business and their staffs with them. I ask in all sincerity, 'Is to-day the time to take the risk of increasing unemployment, a risk which might even be described as a certainty?'

"If it were merely that this Bill might cause some link in the chain of distribution of tobacco to be eliminated it would be bad enough, but the whole terrible truth has not yet been stated. The elimination of the middleman which is more than a probability if this Bill is passed, will cause a great hardship not to him alone, *but to others. Loss of employment to the* bread-winner is bad enough, but generally the blow falls more heavily on those who depend upon the bread-winner. Loss of occupation to the middleman of the tobacco trade will be hard on him, but it will be harder still on others, because of the structure of this trade as a whole, a structure which I maintain is both efficient and eminently desirable. The retail section of this trade consists of thousands of petty dealers, small men who, in the large majority of cases, cannot exist without the middlemen who give them credit. It is a physical and business impossibility for the manufacturer or for the distributor to give them credit. They are not in a position to know the credit-receiving capacity of the retail dealer. I forestall the reply which I know will come to me from the Hon. the Prime Minister. He will say that the trade must reorganize itself so that this knowledge will be at its disposal. I will not deny that such reorganization is possible—business men have a very great capacity for reorganizing themselves—but Sir, the cost of reorganization will remove it from the sphere of practical business economics.

"I have sat now for eleven happy days with the Hon. the Prime Minister when we have been dealing with another taxation measure and whilst I believe both of us have been learning the secrets of other men's business, I at least have been studying the Hon. Prime Minister's method of handling awkward points and I know just how he is going to reply to what I have said. He will say:

'Firstly I am told that this wicked measure is going to throw out of employment thousands of middlemen, is going to withdraw from the retailer his source of credit. Then I am told that no one can replace the middlemen except at a hopelessly prohibitive cost and from this I am asked to deduce that the trade will be seriously inconvenienced. I do not believe it will be as bad as it is painted; the smoker will have his smoke and the manufacturer will find means to give it to him; therefore, I dismiss these arguments as unsound.'

"This, Sir, is how I expect the Hon. the Prime Minister to dispose of me and I agree it will be to many very, very effective; I may say that during the last eleven days we have disposed of very many arguments like these and I know that it will be the same method that he will adopt to-day. But, Sir, I hope I can make his reply a little more difficult for him. True the smoker will smoke and so the smoke will be provided for him; but at what cost?—at a cost of completely upsetting the organization of a trade which handles one of the Presidency's most

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valuable crop, at the cost of taking the risk of swelling of our already swollen ranks of unemployed. But, worse still, as I see the position, there is a grave possibility of the re-organization forcing the trade into new channels which will result in the revenue to be got from this measure being much less than is expected and the small retailer will find himself unable to carry on with his credit sources gone and he will have to give way to some one who can command credit or who will have no need for it. So we see, Sir, that this Bill may easily result in the whole trade, the retail trade, passing out of the hands of thousands of small men into the hands of a few large men. This, Sir, is too serious a risk to take at present and, therefore, I hope the Government later on will accept my amendments that will save many from this result.

"Now let us consider a few more objections to this measure. The effect of a cumulative tax as high as 2 per cent on wholesalers will tend to drive business out of the Presidency because there will be a definite advantage given to tobacco products supplied from outside this Presidency and the tobacco trade now established within the Presidency will have no course but to arrange for supplies to be made from the nearest non-taxed markets, Mysore, for example. If they purchase from outside the Madras markets they will avoid one or more impositions of this 2 per cent. Thus we see in this tax that the Madras Presidency is to transfer much of the business to other Presidencies and will subsidize them

"The scheme of the Bill necessarily involves a comprehensive system of permits, records and accounts and the employment of a large extra staff by distributors and dealers to maintain them and also by Government to inspect them. I shall probably be told that I should not grumble at this as the result will be a reduction in unemployment, the magnitude of which I have just been deploring, but, Sir, the employment of the staff that will be required is not a profitable proposition and not one that can commend itself to the businessmen or even to economists, if they are practical economists.

"I have so far, Sir, been dealing with the position down to, or, if you like, up to the retailer. But, now, I come to the retailer himself. Who are these retailers? Mostly small men with no capital or with very little capital indeed; they carry on their business as retailers on a hand-to-mouth basis. This 10 per cent taxation is out of all proportion to their capacity to pay, it is out of all proportion. Can it seriously be suggested that a retailer who makes sales amounting to Rs. 50 a month can afford to pay therefrom Rs. 5 in tax, thereby reducing his net sale to Rs. 45 out of which he has to bear the cost of purchasing his stock which will most probably cost him 8 per cent more. Now 8 per cent on his costs and 10 per cent off his

takings means that the surplus left to the retailer will be considerably reduced and that a man who at present has sales of Rs. 100 per month will have his surplus reduced by Rs. 18. I shall again be told that my argument is unsound. You will notice that I weigh up my arguments and I do not put them unless they are sound. But I shall be told it is unsound as this tax will be passed on to the consumer. I will concede that in some cases this may take place, but I am of opinion that in a large majority of cases, the passing on of this tax will result in a reduction in consumption. What will this result in? This will result in a reduction in sale by the retailers who will thereby make less money and will have less surplus to spend on other commodities. Smaller consumption will mean less production and p.m. so right back through the trade to the primary producer we shall see unemployment and reduced income. A reduced income throughout the mass of a large trade must have its repercussions in other trades as with a reduced purchasing power forced on the thousands in the tobacco trade they will not be able to purchase the productions of other trades. Thus we see that this tax will have a harmful effect on trade in general.

"In order that assessments may be made, the small retail bazaar dealer will be expected to keep some accounts. This every one with any knowledge of this part of the trade will know is completely impracticable. Government may draw up a form in which the accounts are to be kept but it is beyond the power of Government to see that those accounts are correctly maintained in every little detail for the simple reason that the retailer has not the capacity to keep the accounts.

"*Assessments must therefore eventually become a matter of* guess work in many cases and wide variations must occur. This will render it almost impossible for the retailer to pass on the whole or any portion of the tax to consumers at a uniform rate. Thus we see that one of the most important tenets of taxation—that of certainty of application—will be violated.

"I think, Sir, I have been able to show that the imposing of these two forms of tax concurrently must lead to a general contraction in the tobacco trade quite apart from the certainty of completely upsetting the trade and the possibility of throwing out of employment thousands of traders.

"I would have thought that Madras would be the last Presidency to single out tobacco for special taxation as tobacco is one of its most valuable crops. Bombay has been experimenting with a turnover tax on wholesale tobacco traders in certain areas, and my *information is that it has resulted in a serious* decline in the volume of business and has proved a most disappointing source of revenue. I am also reliably informed that the application of the machinery of the tax has caused both

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hardship and harassment to nearly every section of the trade. If there must be a sales tax on tobacco, there seems no reason why this industry should suffer the imposition of a tax four times as heavy on wholesalers and twenty times as heavy on retailers as that which it is proposed to levy on the general trade of the Presidency.

" Sir, I submit that I have shown conclusively that this Bill as at present drafted is a dangerous thing and will cause damage and hardship to the trade of this Presidency: therefore I trust that the amendments that stand in my name will be accepted by Government, or alternatively . . ."

MR. SPEAKER:—" We have not yet come to that stage. When we come to that stage you may make an appeal."

* MR. H. S. TOWN:—" I am finishing, Sir. Alternatively, I trust—I think it is not too late for me to suggest this—that the Bill will be dropped and that tobacco will come under the provisions of the General Sales Tax Bill."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" Mr. Speaker, it is hardly a few weeks after the Budget session that we are now called upon to pass measures of taxation to make up the losses that have resulted and are going to result by inaugurating the policy of Prohibition in our Province. These measures have attracted large volume of attention and protests have been recorded from various places in the Presidency. Meetings have been held and hartals have been observed by way of protest. People have appeared on the platform and in the press protesting against the imposition of these taxes, or at any rate, pointing out the danger that is inherent in imposing these taxes on the sales of various commodities in this Province.

" Sir, at this stage I feel I must pay a warm tribute to the Hon. Premier who found it convenient to admit any number of interviews, deputations and representations made to him from time to time. That shows the accommodation that he was prepared to show to the representatives of these interests when he listened to them patiently and promised to do his best in the matter. Sir, so far as my own experience on the Select Committee on tobacco goes, I can say that the Hon. the Premier in that Committee was very reasonable and did his best to accommodate the adversaries who put different interpretations before him. It was because of that spirit of accommodation and it was because of his reasonable approach to the subject that, to-day, we find that monopoly has disappeared from the original Bill. We only wish that this sympathy and consideration will be extended to the present meeting and that the Hon. the Premier will come forth to accept most of the amendments that have been given notice of. I hope at the present stage the Hon. the Premier will consider the matters as represented by the

members of this House, as there is no time for him to receive any representations from outside, and I hope what the members say will certainly receive his earnest attention.

"In regard to the justification of the measures themselves, I feel that we do not have anything to grudge. The Hon. the Premier has pointed out that these measures must be passed because the Government must be enabled to make up the losses that they have sustained by introducing Prohibition. It is a very convincing argument. I am afraid I cannot dispute it. But, at the same time I must admit that this need for more money is forcing us to adopt these hasty measures without paying any regard to the principle of taxation. Somehow or other we must get the money and I quite understand the answer 'Therefore it is that these measures are being introduced.'

"I should like to be properly understood when I am discussing this Bill. My criticism is not against the levy of new taxes but against their obnoxious features. Even the least objectionable tax will certainly become intolerable because of its undesirable effects.

"Sir, let me first deal with the manner in which the measure is now brought before the House. The Bill was first published on 21st March; it was referred to the Select Committee on 31st March; the Select Committee considered the measure for three days, 11th, 12th and 13th April: the report is now presented on the 24th and the measure is to be passed into law. Sir, I am afraid that there is a little amount of hurry in regard to the measure. We are trying to get it passed somehow or other so that the Government may be able to realize the money from the 1st of October. In this need for money the interests affected have not been consulted either by the Government or by the Select Committee. We did not have any chance to find out what the people actually felt regarding the provisions of the Bill and also regarding the amendments proposed by the Select Committee. The Sales Tax and the Tobacco Bills coming as they do immediately one after another, the mind of the public has not been concentrated on the tobacco measure. Meetings were held to protest against the Sales Tax as well as the tobacco measure. The difficulty was that nobody could find out the volume of agitation for the one or the other, because both the things got mixed up which is due to the two measures being put up within a short time. I want to know from the Government as to what loss we are going to incur by inaugurating Prohibition. Taking the figures given in our Budget Estimates, we find that the income derived from Excise is nearly four crores of rupees. If that is the amount which the Government want to realize by these two measures, I really wonder where the need is for passing this Tobacco Bill along with the other measure. According to

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the most modest estimates the income that is expected to be realized from the sales tax is about four to five crores of rupees. If that is a fact, I fail to see any reason why they should want any money from the tobacco sale. We are forgetting the other measures that we have passed. We have taxed petrol and electricity and we have taxed other commodities. Under those Acts I am sure the Government will certainly realize a large amount. That, added to the income under the sales tax, must, I am sure, enable the Government to make up the loss. But the Government do not seem to stop with that. They want to tax tobacco also. The other day the Hon. the Premier was saying that if he did not tax tobacco, people would come forward and say 'Before you impose the sales tax, why not you tax tobacco?' It was an argument which did not convince me. I am still doubtful if there was any need to tax tobacco at all. Sir, we are asked to sanction this taxation measure without knowing what the approximate, though not actual, income would be under this measure. Without this necessary information we are asked to pass the measure.

"The Bill as presented by the Hon. the Premier just now has one important change in it and that is the dropping out of the monopoly vend. Sir, I associate myself with the previous speakers in thanking the Hon. the Premier for having consented to this change. The substitute now suggested is not altogether free from evil effects. Sir, it was my idea that a mere licence 4-15 system would have been quite sufficient and that there was no p.m. need for tax on the turnover. But I must certainly congratulate the dealers in tobacco who came forward and told the Hon. the Premier that they were prepared to pay a certain amount on the turnover. Taking advantage of this offer, the Hon. the Premier and the Select Committee thought it proper to tax the wholesale dealer at the rate of 2 per cent and the retail dealer at the rate of 10 per cent on the turnover. This, I am afraid, will be a heavy burden on the dealers in tobacco. Sir, if we bear in mind the fact that, under the General Sales Tax Bill, we are going to charge only half per cent on the turnover, we will be convinced that this 2 per cent and 10 per cent are out of all proportion to the commodity taxed. What is the reason for our taxing the wholesale dealer in tobacco four times more than the dealer in other commodities and the retail dealer in tobacco twenty times more than the dealers in other commodities? The Government have not explained its disproportion. The one reason that the Government may be able to advance is that the dealers in tobacco are able to make a large profit in their trade. We have no particulars furnished to us as regards the extent of profit which the dealers in tobacco make to deserve these heavy rates of taxation.

"Sir, the Government seem to have underestimated the importance of the tobacco industry. I do not think I can explain

the matter better than Mr. Abdul Hameed Khan who has described to the House how the poor people employed in this industry will be hit by this measure of taxation. I received just now a pamphlet from Trichinopoly which shows that there are about 20,000 workers employed in the tobacco trade in that district alone. If one district gives employment in this business for 20,000 workers, you can imagine the number that is engaged in this industry in the whole Province. Let us now see what the result of this imposition on the industry will be. There will be dislocation in the industry and the people who are making a living by this industry will be thrown out of employment and will suffer. I am not in the least exaggerating when I say that when I went back to my place after attending the meetings of the Select Committee a number of people, poor widows and young orphans, came to me weeping and asked me if they would be thrown out of employment as a result of the introduction of this measure. Events are happening like that in the mufassal. It is not possible for us to bring these matters to the notice of the Government. If the Government only make enquiries at the different centres of the tobacco industry they will realize the fears entertained by the workers.

"The Government probably think that there is not much competition in this trade and that therefore it will be possible for the people engaged in this industry to shift the burden of taxation on to the consumers. Sir, I may point out respectfully to the Hon. the Premier that there is much competition in this trade. Sir, the Golkonda and Charminar cigarettes from Hyderabad are finding a very good market in Kurnool and elsewhere and their price is fairly cheap. Now, if the price of bidis is increased by the retail dealers in their attempt to shift the burden on to the consumers, the consumers will go in for the cigarettes imported from the Nizam's territories in preference to ours. There is the danger of our factories being closed down in our Province and their being shifted to other States or Provinces. The Nizam's territory is only about half a mile from my town. Now, if the proposed levy is made in our Province, the effect on the bidi industry will be enormous: the manufacturers will simply cross the river Tungabhadra and go into the Nizam's Dominion and begin the manufacture there. The result of this will be that the Government will fail to get any revenue from this and the unfortunate men who are now employed in this industry will be thrown out of employment. The manufacturers, once they are in the Nizam's territory, will only employ the local men there. When I point out these dangers, the Hon. the Premier will perhaps tell me that the report that has been submitted by the Select Committee is an unanimous report. I believe he will be good enough not to embarrass the Members of the Select Committee by reason of that fact. I may, however, point out

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to the Hon. the Premier that if I gave my consent in my personal capacity it was confined to the turnover tax and not its rates. I am not a dealer in tobacco myself and hence it is not possible for me to realize the effect of a 2 per cent and 10 per cent tax on the bidi manufacturers. I realized its effect only when the dealers in tobacco explained to me that this taxation will cripple the industry.

"The Hon. the Premier has done a great service to the trade by consenting to drop the monopoly vend. May I appeal to him to consent also to the reduction of the tax from 2 per cent to 1 per cent in the case of the wholesale dealers and from 10 per cent to 2 per cent in the case of the retail dealers?"

MR. SPEAKER:—"I think such details may be dealt with at the stage of amendments."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"I respectfully point out to the Hon. the Premier that the taxation at this lower figure will also bring in lakhs of rupees and that there is no reason to apprehend a reduction in the income. With these few remarks I request the Hon. the Premier to be kind enough to consider our case."

* V. S. T. SHAIK MANSOOR THARAGANAR SAHIB BAHADUR:—"Mr. Speaker,—அவர்களே, இம்மாகாணத்தில் புகையிலை முக்கியமான விளைபொருள்களில் ஒன்று. புகையிலையை இம்மாகாணத்தில் உள்ள நூற்றுக்குத் தொண்ணூற்றுக்கு அதிகமானபேர்கள் உபயோகப்படுத்தி வருகிறார்கள். புகையிலை பெரும்பாலும் ஏழைகளாலும் விவசாயிகளாலும் தொழிலாளிகளாலும் உபயோகப்படுத்தப்பட்டு வருகிறது. செல்வந்தர்கள நூற்றுக்கு ஐந்துபேர்கள் கூடப் புகையிலையை உபயோகப்படுத்தவில்லையென்பது வெள்ளிடைமலை. புகையிலையை ஜனங்கள் உணவாகத் தின்கிறார்களா? இல்லை. அல்லது ஆடம்பரத்துக்காக உபயோகிக்கிறார்களா? அதுவுமில்லை. புகையிலையை ஜனங்கள் தங்கள் வேலையைச் சரிவரச் செய்யவும், ஊக்கத்தை உண்டாக்கிக்கொள்ளவும், அதிகநேரம் வேலை செய்து தங்கள் குடும்பத்துக்கு பசியில்லாமல் கஞ்சி கிடைக்கவும் ஹேது செய்துகொள்ளவே உபயோகித்து வருகிறார்கள். புகையிலையைக் கொண்டு இம்மாகாணத்தவர்கள் கைத்தொழில் செய்து வருகிறார்கள். புகையிலைத் தொழிலானது, பெரும்பாலும் ஏழைகளைக் கொண்டு, குடிசைத் தொழிலாய் செய்து, ஆண்களும் பெண்களும் சொற்பக் கூலியைப்பெற்று அதைக்கொண்டு தங்கள் குடும்பம் உயிர்வாடாதிருக்க சொற்பக் கஞ்சி கிடைக்க ஹேதுவாயிருந்து வந்தது. அந்த ஏழைகளுடைய தொழிலுக்கும் கஞ்சிக்கும் இப்பொழுது இந்தப் புகையிலைச் சட்டமானது அமுலுக்கு வந்த அன்றுமுதல் புகையிலை வரியாலும், அதின் **Licence fee** யாலும், அதை அமுல் நடத்தக் கையாளும் முறையாலும், கைத்தான் பிடித்து, கூழுக்குக் கூத்தாடும் கஷ்டத்தில் தாளவேண்டிய காலம் வந்துவிட்டதென்றே சொல்லவேண்டும். மேன்மை தங்கிய **Prime Minister** அவர்களே, இந்த மாகாணத்தில், புகையிலை உற்பத்திக்கும், புகையிலை ஏற்றுமதிக்கும், புகையிலைக் கைத்தொழிலுக்கும் அதினால் கிடைக்கும் ஏழைகளின் கஞ்சிக்கும், ஐந்தடித்துவிட்டது, அதாவது, சாவு மணி அடித்துவிட்டதென்றே சொல்லவேண்டும்.

"மேன்மை தங்கிய **Prime Minister** அவர்களே, இந்த கவர்ன்மெண்டானது, புகையிலையைக் கொண்டு, அதாவது, புகையிலை, அதன் தண்டு, அதன் நரம்பு, அதன் இலை, இவைகளைக்கொண்டு உற்பத்தி

செய்யும் வஸ்துவின்பேரில் தீர்வை விதிக்கத் தீர்மானித்திருக்கிறதே தவிர, புகையிலையை ஒத்த குணமும் புகையும் வரக்கூடிய வஸ்துக்களின் பேரில் வரி விதிக்காமல் விட்டுவிட்டதற்காக இந்த மாகாணத்தவர்கள் இந்த கவர்ன்மெண்டாருக்கு அனந்த ஆனந்த வந்தனமளிக்கிறார்கள். ஏனெனில் இந்த மாகாணத்தில் கைத்தொழில் செய்து விற்று முதல் செய்துவரும் பீடியானது புகையிலையைக் கொண்டும் செய்யப்படுகிறது. அதேபோலப் புரசை இலையைக்கொண்டும், புகையிலையை ஒத்த வேறொரு வஸ்துவைக் கொண்டும் இந்த மாகாணத்தில் இல்லாது பிறமாகாணத்தில் உற்பத்தியாகிற புகையிலையை ஒத்த புகை வரக்கூடிய வஸ்துவைக்கொண்டும் இத்தொழில் செய்து, பீடி உற்பத்தி செய்து விற்று முதல் செய்வதால் புகையிலை அல்லாத வேறு ஒத்த வஸ்துக்களைக் கொண்டு புகை வரக் கூடிய பீடி போன்றவைகளைத் தயாரிப்பவர்கள் புகையிலை வரி கொடுக்கவும், புகையிலை லைசென்ஸ் எடுக்கவும், **Licence fee** கட்டவும் கடமைப் பட்டவர்கள் அல்லவென்பது நன்றாயத் தெளிவாக்கப்பட்டுவிட்டது என்று நான் இதின் மூலம் தெரிவித்துக்கொள்கிறேன்."

* SRI T. T. KRISHNAMACHARIAR:—"Mr. Speaker, I must join in the chorus of congratulations poured on the Committee for having dropped the monopoly vend in respect of the taxation measure before us. I suppose the Government have their own due share of the credit for having accepted the Select Committee's recommendation. At the same time, Sir, I do not feel that the Bill in its present form has really been happily cast. I certainly do not envy the task of the Government in having to administer this piece of legislation. Undoubtedly they have been very wise in dropping the monopoly vend; but the thing that has taken its place and the rearrangements that have been necessitated by that dropping of the monopoly vend have created confusion in the minds of those engaged in this trade. And I am not quite sure that the officers of Government who are going to administer this piece of legislation have a clear cut road before them. For one thing, the wholesale trade does not appreciate this idea of a 2 per cent tax. If the tax is to be collected at only one place, possibly the objection may not be quite as strong as it is, but there is no guarantee that the tax on the wholesale dealers will be collected only once.

"Secondly, the question of the tax on the retailer has not undergone any visible change. If at all, the changes that have been made are really unwise. The introduction of the slab system in a turnover tax, I think the Committee should have realized, is totally unwise. If it is a turnover tax of 10 per cent, surely nobody is going to say it is going to come out of the profits of the dealer. It is going to be passed on to the consumer. If a man purchases a packet of cigarettes, he will have to pay half an anna more and surely every dealer will have to collect half an anna more from every purchaser. The idea of a slab is totally foreign to any turnover tax system obtaining in any country. It may look as though it is a concession. As a matter of fact, much has been made of affording relief to small retailers. It is impossible to afford relief to anybody because you cannot allow one

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person selling a particular commodity to escape paying the tax when it is admittedly added to the price of the commodity by reason of the general application of the tax.

"When the appropriate clause comes for voting, I shall have a few words to say. I do not think that the Select Committee has been wise in introducing this innovation. In fact I feel that the Select Committee has not appreciated the position correctly in introducing this innovation. 4–[illegible] p.m.

"One other point which I would like to refer to is that, while we must thank the Select Committee for having dropped this monopoly vend system, it has made no attempt towards lowering the rate of turnover tax which is extraordinarily high. the mere introduction of slab system which is ostensibly intended to give relief to small merchants does not go far enough. I think the Select Committee has definitely failed in this particular manner.

"So far as the other provisions of the Bill are concerned, as I said before, I really do not envy the administration, its task of having to administer this Act. Very many of the provisions are modelled on the provisions of the Abkari Act, and we shall probably have, before the Bill is finally passed into law, another opportunity of saying a few words on this subject, viz., the administrative difficulties in carrying out the provisions of this Bill. I would like to tell the House, through you, Sir, that the trade is dissatisfied for one thing; because of the addition of the principle of turnover tax on wholesalers which is relatively high and it is just possible that the same commodity might be taxed two or three times over, and therefore, there can be no justification to keep the turnover tax on retail sales at the high rate of 10 per cent. I have given notice of a few amendments and I shall speak more about them at the appropriate occasion."

S. K. SHAIK ROWTHER SAHIB BAHADUR :—தலைவர் அவர்களே, புகையிலை வரி சம்பந்தமாக சில வார்த்தைகள் நான் பேச விரும்புகிறேன். Hon. சர்க்கார் தொழிலாளிகளுக்கும், விவசாயிகளுக்கும் நன்மை செய்வதற்காக வெகுதூரம் அவர்களாலியன்றமட்டும் வேலை செய்துவருகிறார்கள். மாகாணத்தில் மது விலக்கு ஏற்பட்டதினால் சர்க்காருக்கு நேரிட்டிருக்கும் ஏராளமான நஷ்டத்தை ஈடு செய்வதற்காக புகையிலை வரி, விற்பனை வரி போடுகிறார்கள். இந்த வரிகள் பாமர ஜனங்களுக்கும் விவசாயிகளுக்கும், சிறு வியாபாரிகளுக்கும் கஷ்டத்தைக் கொடுக்காதென்று நினைக்கிறார்கள். ஆனால் அது அப்படியல்ல. புகையிலை வரி விவசாயிகளைத்தான் நிரம்பவும் பாதிக்கும். சிறு வியாபாரிகளையும் அது பாதிக்கும். பெரும் வியாபாரிகளும் அவர்களுக்குப் போடும் வரியை பொதுவாக விவசாயிகள் தலையில் போட்டுவிடுவார்கள். சிறு வியாபாரிகளுக்கு Licence fees ஜாஸ்தியாகப் போடுகிறதினால் அவர்களும் நிரம்ப நஷ்டமடைவார்கள். ஆனால் Select Committee யில் ஏகபோக உரிமை முறை தள்ளப்பட்டதற்காக மிகவும் பாராட்டுகிறேன். ஆனால் பீடி கைத்தொழிலில் நிரம்ப ஏழைகளாகிய பொது ஜனங்கள் ஈடுபட்டிருக்கிறபடியால் பீடித் தொழிலுக்கு லைசென்ஸ் fees இல்லாமலிருந்தால் நிரம்ப அனுகூலமாயிருக்கும். இல்லாவிட்டால் அநேக ஜனங்

களை பிழைப்பு இல்லாமல் கஷ்டப்படுவார்கள். ஆகையால் அதற்கு வேண்டிய ஏற்பாடுகளை நமது பிரதம மந்திரி செய்வார்களென்று நான் நம்புகிறேன்."

* H. S. HUSSAIN SAHIB BAHADUR:—"Mr. Speaker, I must really congratulate the Select Committee for the way in which they have dealt with the question of monopoly vend. I am glad that they have dropped the provision relating to that question altogether and the Hon. the Prime Minister has done an act of great justice in this particular matter to the dealers in tobacco. I would like to say one thing on this occasion. We are all agreed that Prohibition is a thing which should be extended all over the Province as early as possible and that will naturally entail a great loss of revenue by creating a void which is to be filled up. I do not want to embarrass the Government in their attempts to find new ways for raising money to fill up that new gap. While attempting to find new sources of revenue, we must also have to see that the interests of particular trades which are going to be affected by these taxation proposals are also protected as far as possible. When I say that we are all agreed on the question of Prohibition, we are estopped from questioning the Government for attempting to find new sources of revenue. But are we on this account estopped from putting before them the hardships which these taxation proposals will bring on the poor people? It is in that spirit that I want to say a few words just now.

"The growing of tobacco in our country is an agricultural industry. It is an industry which is being carried on in our Province over a very large area. When we are trying to improve the condition of the agriculturists as a whole, we are at the same time doing something for the tobacco growers who are also agriculturists. When we want to impose a tax on tobacco in all its forms and in all its original stages, I am afraid we shall be hitting the producer at the other end. I say it because, when we levy a tax, we make no distinction as to whether it is indigenous or foreign. When the tobacco industry is flourishing or promises to become very good in future, and when articles made of tobacco, for instance cigarettes, are competing with foreign tobacco, I say we must as far as possible give encouragement to our tobacco growers, while imposing this tax. I was saying that the producer would be hit at the other end. I said this because, when the dealer has to pay a turnover tax and he has also to pay a heavy licence fee for selling tobacco, the grower of tobacco would be at his mercy. While the dealer purchases tobacco from the growers he will not give him the proper price. He will always keep a margin for the tax he has to pay in the price he offers. The attempt of the Government should be to enable the cultivators to get a better price for their produce, whether it is rice, tobacco or anything else. There has been economic depression all these years since 1929 and the prices of commodities have fallen very low and thereby hit the agriculturists.

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" Then, Sir, we have also adopted legislation to improve the indebted condition of the agriculturists including tobacco growers. When we are attempting to improve the lot of the agriculturists, we should not try to hit them indirectly by levying such taxes on the commodities that are grown in our own Province. Therefore, I say, Sir, by all means raise money from fresh sources, but at the same time try to safeguard the interests of the actual producer, the man who is at the bottom and the man who is responsible for the produce itself. I offer these remarks in the hope that whatever rates have been proposed either by way of turnover tax or licence fees, those rates will, as far as possible, be reduced, so that the actual grower of tobacco may not be in any way hit."

* M. AHMED BATCHA SAHIB BAHADUR:—" I cannot speak with the same amount of authority on this subject as some of the members of the Select Committee who sat upon it have spoken. Nevertheless on an examination of the Bill a few points have occurred to me and if I speak on them, it should be considered more as a loud thinking of mine than a speech made by me in this House. Just going through the main sections of the Bill I am able to find out that there are four stages with which we are concerned when we say that a turnover tax of 2 per cent should be levied. There might be some possibility of misconstruing the particular section, in circumstances where we cannot say whether the manufacturer is included in the list of persons to be taxed or not. But assuming that the manufacturer also is to be taxed, I take it that there are four stages. Firstly, there is the manufacturer's stage, secondly, there is the big wholesale dealer's stage, thirdly, there is the next small wholesale dealer's stage and lastly there is the retailer's stage. At the rate of 2 per cent for each of these stages, the cumulative tax would be 6 per cent and then the retailer himself has to pay another tax of 10 per cent on his turnover, if it is more than Rs. 500. There is, therefore, a total taxation of 16 per cent. This has to be made good by the consumer. The point is whether the retail dealer will be able to pass on this cumulative taxation of 16 per cent to the consumer. The bidi manufacturers are now selling a bundle of 25 bidis for 10 pies. In order to pass on this cumulative tax of 16 per cent to the consumer the retail dealer will have to sell a bundle of 25 bidis for one anna. If he can possibly do it, there will be no complaint and the consumer will pay. 4-45 p.m.

" But the difficulty comes in here because of competition from outside the Province. In my opinion, this factor has not been taken note of carefully as it has been done in the subsequent taxation measure regarding the sale of goods. Foreign manufacturers may have their own agents in our Province and sell their bidis to wholesale dealers or they may completely dispense with such

agents and sell direct to small wholesale dealers in Madras. In that case, there is a discrimination necessarily introduced on account of which the manufacturer in our Province has to pay at least one more tax as compared with the foreign manufacturer. In addition to this, foreign manufactured bidis are selling cheaper than Madras manufactured bidis on account of the fact that the foreign manufacturers are able to obtain much cheaper labour than Madras manufacturers. Naturally, therefore, when the Madras manufacturer has to pay a tax at one more point than the foreign manufacturer, the discrimination will be greater and the competition will be more severe. My submission to the House is that the retailer will not be able, under the circumstances, to pass on the entire enhancement of 16 per cent to the consumer. What will be the natural consequence of this? If the retailer is unable to pass it on to the consumer, he must pass it on to the supplier. The supplier will pass it on to the one below him and it will finally react on the agriculturist who sells tobacco. The increase of 16 per cent will have to be adjusted somewhere in the trade until it is completely absorbed. If the consumer cannot pay—and I submit the consumer cannot be made to pay on account of the competition from outside the Province—the increase will necessarily react on the primary producer.

"The point now is whether the primary producer is now able to absorb this extra 16 per cent which will be an addition to his cost of production. In our country the income of an ordinary agriculturist is 5 annas per mensem or Rs. 3–12–0 per annum. That is the income of the ordinary agriculturist who grows the food for us. I am told that in the case of agriculturists who grow tobacco the maximum profit or income will not exceed 10 per cent. That is the maximum that he can get in a particular year. Under these circumstances, if he is asked to absorb this extra 16 per cent, will it be paying for him any more to grow tobacco? Would it not lead to the utter abandonment of the cultivation of tobacco? Therefore, Sir, I submit that this is a very high incidence of taxation. I say this not because I think that the poor people will suffer and the consumer cannot pay and all that sort of argument, but simply because on account of economic necessity and foreign competition, it is impossible for the trade to absorb this increase. No provision is made in this Bill to counteract this competition and place the producer and manufacturer of our Province on a footing of equality with those of another Province. I have shown clearly that the manufacturer who manufactures bidis and other forms of manufactured tobacco in our Province is at a disadvantage as compared to the foreign manufacturer in that he has to pay taxation at one more point than the latter. In my humble opinion, Sir, the Government should reconsider this measure and see that our manufacturers are placed on a footing of equality with the foreign manufacturers.

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I suggest that they may be exempted from taxation and that the taxation may proceed from the next stage onwards, i.e., the wholesale dealer, the next wholesale dealer, and then the retailer. This is one of the important points which should be reconsidered by the Government and I think that in the final stage of the passing of the Bill it will be given due consideration.

" Apart from this, Sir, there is the other aspect of the measure, namely, the taxation and licensing of the smaller and poorer classes of dealers, I mean those dealers whose turnover is less than Rs. 100, Rs. 200 and Rs. 500 and so on. The tax proposed to be collected is Rs. 6, Rs. 15 and Rs. 30. I submit, Sir, that the smallest vendor of tobacco is a man who has got a capital of not more than Rs. 2. With that capital he has to provide himself not only with tobacco but also with betel leaves and nuts. He takes them on his head and goes about from place to place selling them to consumers. It will be impossible for such a man with a capital of only Rs. 2 to pay a tax of Rs. 6, even though it is only once a year. Six rupees is the smallest tax provided in the Bill. Next comes the vendor who has to pay a tax of Rs. 15. He might be a small shopkeeper who sells not merely bidis, cigarettes and other forms of tobacco, but also certain other goods. Tobacco is not the only article he sells; it is only one of many others. We know of the innumerable cases where these small dealers have not got a capital of more than Rs. 10 or Rs. 20 to manage their business. From out of his income, if he is asked to pay a tax of Rs. 15 even though it be only once a year it will be a great hardship and even a ruination to him. Therefore, Sir, my humble submission is that these poor dealers are not going to contribute much to the finances of the Government and even if they are contributing anything, evasions will be very easy and collection will be very difficult. These people will be subject to the harassment by the officers concerned. Therefore, Sir, I suggest, that instead of raising this hornet's nest and creating troubles, it will be better, if these smallest dealers are completely exempted from taxation. I am not talking of the wholesale dealers now but only of the smallest dealers. These are the three points to which I wanted to draw the attention of the House and I hope that they will receive the attention of the Government when the House proceeds to deal with the Bill clause by clause."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—" Sir, I am rising simply to have some doubts and difficulties cleared up. I must confess I was feeling a little bit drowsy when the discussion was going on here. I do not find any reason for it except this. The Bill came into my hands this morning and I tried to understand it by reading it over twice or thrice. But I must confess I was not able to understand it."

MR. SPEAKER :—" Did not the hon. Member receive the Bill earlier? "

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR :—" No, Sir. I cannot say, because I am not competent to say, that the Bill has been badly drafted. It may be that I am not able to understand it. After coming here I consulted some others also about some of the clauses. They were also unable to explain the thing to me and clear my difficulties. Therefore, I request the Hon. the Premier, if not for the sake of other hon. Members at least for my sake, to be good enough to explain the difficulties that have confronted me. For instance, item (i) of sub-clause (1) of clause 5 says: ' Any wholesale dealer who sells or buys tobacco . . .' "

MR. SPEAKER :—" Would it not be desirable to leave this explanation to be given by the Hon. the Premier when the Bill is dealt with clause by clause and when clause 5 is before the House? "

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR :—" I have not got much to say. The other item is item (ii) which says—

'(ii) Any other wholesale dealer, not being a manufacturer governed by item (iii) below.'

I do not find any difference between the two. It may be said that one is a big dealer and the other is a small dealer. But where is the limitation and where are we to draw the line? There is nothing to indicate that the one is a smaller dealer and the other is a bigger dealer.

" Then there is another difficulty. The proviso to that section says—

' Provided that a wholesale dealer who pays turnover tax under sub-section (2) of section 4 shall be granted a licence on payment of a fee of Rs. 10 instead of the fees specified above in items (i) to (iii).'

If it is stated that wholesale dealers who pay a turnover tax will be given a licence on payment of a fee of Rs. 10 that would have been clearer. There is no meaning in adding the phrase ' instead of the fees specified above in items (i) to (iii).' Items (i) to (iii) refer to manufacturers . . ."

MR. SPEAKER :—" I think these details may be taken up when the clause is under consideration."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR :—" Another thing I dread is the working of this Act. I understand that the working of this Act will be entrusted to the Revenue Department. The Revenue Department is already overworked; their hands are over full. They have no time to check the accounts of the dealers. Unless the Government are prepared to appoint two or three persons more for each Taluk office this

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extra work cannot be done properly. If this is done there may be some hope. Otherwise, there will be a regular extortion. Some figures will be put down and the dealers will be asked to pay. If they do not pay, they will be prosecuted."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Mr. Speaker, during these three months from the beginning of this year, I think we have witnessed scenes of no-tax campaigns and anti-tax campaigns in this Presidency and on the floor of this House. Sir, as I said on a former occasion, we are very grateful to the Hon. the Premier for having given previous indication of the taxation measures in his Budget speech itself long before he actually introduced the taxation Bills in the House.

" Sir, ever since that speech was made, I think public opinion 5 p.m. has been sufficiently brought to bear upon this question and my only regret is there were too many taxation measures for the public to discuss and talk about. That is one of the reasons why the Tobacco Bill has not had greater share of the attention of the public, why this taxation measure has not been objected to much more strongly."

(At this stage the Hon. Premier was leaving the House.)

MR. SPEAKER:—" The hon. Member may go on. The Hon. Premier is hearing the hon. Member from a distance. The Chief Parliamentary Secretary is in the House and he will take notes for the Hon. Premier."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Sir, I wish to say a word or two about the Budget in the absence of the Hon. Premier. The Budget, as was expected, was mild to the extent that the Government did not come forward with the extension of their Prohibition policy in a greater degree."

MR. W. K. M. LANGLEY:—" The Hon. Premier is not here and the mike also is not working."

(At this stage, the Hon. Premier returned and the mike also worked.)

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I need not detail now the manner of agitation against these taxation measures. But suffice it to say that the Hon. Minister—as we know he is a shrewd statesman—is quite aware of the severity of the tax on tobacco. I can see also that he is quite sure in his mind that he should proceed with these taxation measures. Probably he has arguments to support his view. I shall only rest content by saying that we do not doubt the sincerity of his purpose, with regard to these taxation measures. When I concede this point, at the same time it should be noted by hon. Members of this House that the least they can do is to take into

consideration sympathetically the question whether the tax should be borne at all in certain cases, and whether it is not our duty to see that the tax should not at all be borne by some persons and that the rigours of these taxation measures are at least mitigated.

"Coming particularly to the Tobacco Bill, I shall summarize the debate in this House at the time of its introduction, in one or two sentences only. This House seriously took objection to the clause relating to monopoly, as provided in the original Bill. There would not have been much objection at that stage if the monopoly system was not in the Bill itself then. I for my part, did concede—and I do so even now—that we shall consider the question of taxing manufactured tobacco only. This, I think, is the only correct position which hon. Members of this House should take. I shall not take up the time of the House by narrating the difficulty of the monopoly system. Thanks to the Government and to the Select Committee, that system has been altogether removed from the provisions of the Bill. We are very happy and let me say that I express my happiness at this act of the Government in removing the monopoly system. I am tempted to hope still further that some other provisions of the Bill as we now see before us, will be taken into consideration from the point of view whether they still work as hardships on some sections of the public. The alternative that we have now is a very heavy rate of taxation. I should remind hon. Members that the main reason why people objected to the monopoly system is that the monopolist will take heavy sums of money from the retail dealers; they will be practically rack-rented. That is the main consideration on which I should think that the Select Committee and the Government have seen their way to remove the monopoly system altogether. While removing the clause relating to monopoly, should not this House see that the tax now proposed does not become as heavy as the monopoly tax? I am afraid that the rate that is proposed in the amended Bill which is under consideration, is far too heavy and very much out of proportion. If a reasonable rate had been put, I should imagine that this Bill would have been passed into law by this time and there would have been no discussion on the motion for the consideration of the Select Committee's report. I would not have agreed for a debate at this stage, if that was the case and certainly after question time, we would have taken up for consideration clause after clause; by this time the third reading would have been over.

"I can see from the Bill as it stands, that 2 per cent wholesale tax and 10 per cent retail tax do not work out to only 12 per cent tax as it is generally believed. As has already been pointed out by hon. Members of this House who have preceded me, the

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wholesale tax appears to be 2 per cent; it will not work up to only 2 per cent in all cases. It will be more. There will be many wholesale dealers. As we know in this country, manufactured tobacco and all kinds of tobacco are sold to the smallest merchant—probably the smallest unit in the world of business—the small shopkeeper, the person who sells soda and tobacco. The small shopkeeper who sells soda water, cannot procure tobacco from the wholesale dealer directly; he will have to get it from a retail dealer. Therefore I should suggest for the consideration of the House that even in the matter of agreeing to the principle of the wholesale tax of 2 per cent, we should avoid the cumulative tax. Surely it is not the intention of the Select Committee—nor is it the intention of the House—to tax cumulatively in this case. I commend this point very seriously for the consideration of this House. I believe the only purpose for which we have now met with regard to this Tobacco Bill, is to mitigate the rigour of this taxation measure and nothing more. If I hope for something more, I would be misguided. I am voicing forth the feeling of the persons who are engaged in this trade. I for one know and realize the difficulties of the trade; the trade will suffer. After the Bill has been considered by the Select Committee, I am anxious that at this stage, we should try and conserve our time and energy for the consideration of the clause relating to the rate of taxation. Once the monopoly vend is removed, I think it is now only a question of the rate to be fixed. It would have been a very nice thing if it had been decided to tax the article only at one stage, whatever the rate of tax might be, with reference to the needs of the Government. If it would be possible for the Government to come forward before to-morrow, with a proposal for the collection of the tax at one stage only, if we could escape the tax being called an excise duty, if we could steer clear from the question of excise duty, it would be better. The question of excise duty will come in, only if the tax is levied on manufactured articles; it will not come in when the tax is levied on the wholesale merchant.

"There is one other important point to which I wish to draw the attention of the House in the course of this general discussion, with regard to unmanufactured or non-manufactured goods. I wish to ask whether it is not possible for this House to devise means to tax the article only at one stage. Is it not possible to evolve such a scheme, as to tax either the wholesale dealer or the retail dealer? It should be one-point tax, whatever be the rate. Then, confusion of cumulative tax and retail tax will not occur. I am afraid that in certain cases the dealer may have to pay the cumulative tax and the retail tax. We should avoid such a thing.

"With regard to unmanufactured tobacco, it is well known that it is a commodity which is sold in every little shop in the remotest corners of this Presidency. I would suggest that the *Bill should confine itself to taxing the manufactured commodity and to totally exempting* the unmanufactured commodity from licence fees and taxes. Though I do not want to take up the time of the House, I should like to draw the attention of the Hon. Premier that this is a vital matter concerning the interests of all people. I may also say that the money involved will not be much, because the tax that is proposed to be levied on manufactured
5-15 p.m. *tobacco itself* is fairly heavy. Therefore, I should strongly plead for the exemption of unmanufactured goods and those who deal in unmanufactured goods.

"Sir, I think I have indicated some of the main points of the Bill that may well be considered at this stage; and while I feel very happy, I must add a good word on this occasion with regard to the manner in which the Committee have removed the *monopoly* system. I should close with the hope that when the Bill emerges from this House, it will be more acceptable than it is now."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, at the outset I must confess to a certain amount of disappointment. When we dispersed in the Select Committee, I had a feeling that we had a thorough discussion and that on the Committee had sat many important and zealous representatives of the trade who pressed their case with all the emphasis and persuasive power in their command; and yet we conducted our proceedings in great harmony and good humour. Not only that; my impression was that we dispersed with almost what may be called practically unanimous decision and approval in respect of the Bill. It is that that I say is somewhat the cause for disappointment now when I hear vigorous pleas for a wholesale turnover of this Bill so to say, in the form of amendments, some of them single but drastic, others multiple but so correlated that they change the Bill entirely out of its form and reality. All these amendments have been coming in a series of notices; and not only that, I find the speeches made indicate that somehow or other they are up against this Bill, almost to the same extent to the revised Bill as to the original Bill. Of course, I am not unappreciative of the feelings of thanks that have been expressed with regard to the dropping of the monopoly; but I should be forgiven if I say that that only reminds me of a very old story (laughter) of a gentleman who did the mistake of marrying two wives, at an old age. He had two wives, one very young whom he had just married, namely, the turnover system (laughter) and another the old lady whom he had married long ago, namely, the monopoly

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system (laughter). The old lady did not like the black hair on his head and removed all the black hair; the young lady did not like the grey hair on the man's head and removed all the grey hair (laughter). Finally the gentleman was left in a state which some of us find ourselves in here (laughter), without either the black hair or the grey hair on the top of our head (laughter). That story I was reminded of very forcibly, and in spite of its simplicity and its rural character, I thought it would be very appropriate to repeat it on this occasion, because it completely describes the attitude of the Opposition. In respect of the monopoly first, they have plucked it all out; they are very happy. Now in respect of the turnover they propose to deal with it in the same manner and leave the Bill with a bald head. I submit, Sir that this is not a bad story; it is a very appropriate story; it proves nothing except my discomfiture. (Laughter.) Therefore, it may be tolerated. I have just given vent to my feelings—that is all. It proves nothing. It may be the two ladies did very wrongly by their husband, but yet the criticisms here may be perfectly right—I do not deny that.

"Let us now deal with the criticisms here. If I should accept Mr. Malang Ahmed Batcha's argument, I should write it down and send it in a memorandum to the Secretary of State for India. That is to say, 'you have given us the power to levy a sales tax, you have given us the boundaries of our province: it has been conclusively proved to us by eminent tradesmen, experienced tradesmen, that it is impossible to levy any sales tax without disturbing trade and without creating an amount of disturbance in inter-Provincial and inter-State trade, that will ruin all businessmen. Therefore, sales tax is not possible. Unless you send by return post the power to have a customs barrier, and the power to levy excise, it is impossible to utilize the powers that you have given us in respect of the sales tax. More than one eminent merchant member of the Assembly, has proved it to conviction point, and therefore we are unable to proceed.' That would be the only consequence of my accepting Mr. Malang Ahmed Batcha's argument. There is no other way out of it. It is true that people living on the borders would find it more paying to manufacture and do wholesale business on the other side of the border and to send over to all retail dealers across the border. I quite agree that in many of the provinces, not to speak of our own province, the borders are very near and I am also quite aware of the fact that you need not go to a border even; you have got many islands where this process could be carried on. There are islands or States where we have no power to introduce the sales tax, but yet, since men have to work under the conditions that they are placed in, I crave the indulgence of the House in saying, Sir,

that we cannot give the show up merely because of the borders and the provincial difficulties. I can only depend on the natural process of a tax also migrating from place to place; I only depend on the natural greed of the States governing those provinces or places. They also have the need to raise money. they also have the need to spend money, and so they will raise this tax and it is easier to copy a tax which has been levied in another State, than to invent one of your own. It is easy to levy a tax which people have been subjected to in another neighbouring Province, and therefore I trust and hope also that other Provinces and other States will deal with tobacco in the same manner as we deal with it, if they have not already done so. I, therefore, think that we are entitled to disregard this difficulty which we cannot otherwise get over and to go on with our taxation proposal.

"Then, Sir, it was argued that trade will suffer, and especially the intermediary businessman who does an important function in the organization of trade and about whom it cannot be argued that he is unnecessary and may well be driven out. Mr. Town was good enough to use the intimate knowledge he acquired of me in the Committee to forestall me now and to say 'Well, the Premier is going to say this; I have said it already; I have taken the wind off his sails, let me see how he will float hereafter.' I submit that he was correct when he said that he has seen the workings of my mind intimately; and I consider it a compliment that he appreciates my frankness in all matters. He is quite right in believing and in saying that he knows my mind thoroughly now. But he should make a distinction between my attitude in regard to the general sales tax and my attitude in regard to the tobacco trade. It is true that the intermediaries in the general sales organization of our Province are to my mind far too many and it may be a healthy thing to integrate the business if it is taken to apply to all trades and all sales in our Province. With regard to the tobacco trade, I do not believe that the same number of middlemen have crept into the trade. It is a peculiar trade and therefore there are only the minimum number of middlemen in that trade. I do not believe that any of them ought to be driven out or can be driven out by this tax or by any other tax. They will all either sink or float together. And therefore, there is no idea in my mind that it is a good thing to drive out the middlemen and therefore allow this tobacco tax to operate. That is not my opinion. I confess at once that in this matter it is not my intention that the middlemen should go out. And here I make a present of what I feel in respect of that matter to Mr. Town. I do not believe that the middleman is unnecessary for this reason: the small trader will not be believed or trusted by the big wholesale merchant or manufacturer; the wholesale manufacturer in this particular business is so situated that he does need the

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credit intermediary. He wants the security of an intermediary for himself; the big wholesaler and manufacturer wants the security of an intermediary because he does not want to take risks with the retail trader. The intermediary knows the retail dealers' honesty thoroughly and he takes the risk to a limited extent within the sphere of his own business; and therefore the intermediary does a proper function and he should be there and he will be there. Where I do not agree with Mr. Town is on the main question that this taxation will ruin the trade as a whole. I believe it will not. The tobacco has shown throughout the world to be capable of a very large amount of taxation. Tobacco is a sturdy camel, if I may use that expression. It will be long before the stage of the last straw is reached in the case of tobacco. It is a sturdy old camel and therefore I say that this tax is good enough not because the intermediary should be driven out but because in the experience of the world, tobacco has shown the strength of its back. Now, I may say, Sir, that I sent some time ago a parcel of cigars to an old professor of mine who lives in Edinburgh. I know how much it costs, and I know how much the customs authorities in England take away for every pound of tobacco that gets into the country. They are very fond of tobacco, but yet they tax it very high; they are very fond of business and of maintaining the organization of business without disturbance; yet they tax tobacco very high. Rupees 5 worth of tobacco-cigars will have to pay nearly a pound if it reaches England and more. Am I right? Hon. Members sitting on the opposite side . . ."

MR. W. K. M. LANGLEY:—"Could I ask the Hon. the Premier whether he is not also aware that in the matter of cigars as distinguished from other forms of tobacco, the duty on cigars coming into this country is about 112½ per cent *ad valorem*, very much heavier than the duty on cigars coming into England?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"In the guise of a useful admission, the hon. Member Mr. Langley has utterly confused the issue. I do not think, Sir, that we stand in need of any cigars being imported into this country from abroad. I do not think that any cigar which comes into our country from abroad will disturb the trade in any form in tobacco in our country or will affect any wholesaler or retailer in our country. Therefore, the taxation of any cigars imported into our country is first of all besides the issue. As regards heavy duties on cigars 5–
in England, he is right, because they do not import bidis; it is p.m.
true. But let me tell him that it is also the same duty on bidi as on cigarettes in England. The same old heavy duty is paid on snuff also; it is not merely on cigars. But, if in England cigars have proved that tobacco can bear heavy taxation, I say that in India it is the same tobacco that gives the strength to the tobacco

trade, that can bear the taxation here. People are fond of cigarettes, or cigars or bidis for this reason, namely, the nicotine that is contained in this tobacco; it is not for any other. Therefore, I thought I proved that if cigars can bear heavy taxation in England, the same thing here can bear heavy taxation, and not merely one form of tobacco. That is why I say, in our country the trade in manufactured tobacco can bear this heavy taxation, but it does not matter whether the proof from England has any convincing force in it. Let us take the thing in itself. We know that the prices of various articles of manufactured tobacco sold in our country have been thoroughly examined in Committee and hon. Members can refresh their knowledge by going to the bazaar now. It is the commodity that is sold for the pie or for the 3 pies. No one will believe that whatever may be the tax that we impose—even if I accepted the rates that have been furnished by some members of the Opposition now in the debate—the trade, that is to say, the businessmen, will absorb this taxation. Everyone must concede that the consumer will have to bear the burden. Therefore, I say that this is relevant.

"Let us see how the prices of these little articles, the cigarettes or the bidis, will change as a result of this tax. I say unless the Government are prepared to make a 50 per cent present of this tax to the dealers in the trade, they cannot agree to any reduction in this taxation. If they agree to any reduction in this taxation, they will have taxed the consumer equally under the revised rates as under the rates now proposed, and the difference will only go as a bounty to the tobacco retail trade and the tobacco wholesale trade in our country, which it is not the object of the Bill to achieve. Therefore, the rates are properly fixed in view of the coinage that is prevailing in the country, in view of the poverty in the country and in view also of the article that we are dealing with. (Abdul Hameed Khan Sahib Bahadur: 'Hear, hear.') I think the hon. Member who interjected just now was in the Committee, I take it, and it was he who was most pleased with the form in which the Bill went out at the end." (Ministerialist cheers.)

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I shall have another chance to speak about it."

*THE HON. SRI C. RAJAGOPALACHARIAR:—"I give way; I will give him time to think out his answer. Sir, it is wrong for anybody to say that he did not imagine that everybody had practically agreed. I do not, of course, say that he is estopped; I do not say that it is a commitment; it is open to everyone to reconsider, to urge fresh points, to correct mistakes and to revise opinions. I do not say that the gentlemen sitting opposite

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are not entitled to do such things. But, I only say that all these things were very carefully considered, all details including even the price of a packet of bidis we took into account; after all that was examined, we came to this conclusion. I put a question and they had no answer. How much are you going to put on the customer? What will you do with the balance of 50 per cent you will get from the retail trade? Don't you want the 30 per cent and give me only 20 per cent? That was the question I put and to it there was no answer. It is wrong to launch upon a tax of this kind on this commodity unless the Government take measures for taking the whole tax for the benefit of the State, instead of leaving part of it to the trade. If it were pure water that is sold, if it were a good fruit that is sold, if it were good milk that is sold or good rice with all the vitamins in it that is sold, there will be no objection to give a bounty to the trade or give an advantage to the trade. But, in the sale of a poison of this kind, to which we can only extend our toleration, it is not right to give to the dealers in this business a bounty. Therefore, I claim that the rate that is proposed to be levied under this Bill is not too heavy and we shall go further into the details later.

"Some hon. Members represented that there are difficulties in understanding some of the sections of this Bill. I can only say that they have been carefully examined and we shall be ready to explain that each section has a meaning and a purpose. But, here I must explain one thing. The wholesale dealer in any form of tobacco—it is not the manufactured tobacco—is not subjected to any turnover tax. Let no one go under the feeling that we are subjecting even large dealers of this kind to any tax; there is a certain amount of mis-apprehension perhaps, and that is why I say this. Manufactured tobacco is clearly defined in the Bill and that is perfectly clear; it is snuff, bidis, cigarettes, cigars, cheroots, etc. No intermediary process of manufacture, no raw produce and such things like what is rolled into bidis and things like that are taxed; leaf tobacco is not taxed under the wholesale system. Wholesale dealers of such stuff are not subject to the turnover tax; but wholesale dealers in manufactured tobacco and retail dealers in manufactured tobacco are subjected to the turnover tax. As the Bill has been now circulated, it might appear that even retail dealers are subjected to the turnover tax even in respect of non-manufactured tobacco, but I have, on behalf of the Government, given notice of an amendment to make even the retail trade taxable on the turnover basis only in respect of manufactured tobacco as defined in the Bill, so that neither the wholesale nor the retail trade will be subject to any turnover tax in respect of tobacco which is not manufactured. That is the principle of the Bill and I have myself given notice of that amendment That was only an oversight when we drafted the Bill.

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At least, as far as I am concerned in my mind, I was clear that the unmanufactured tobacco should not be taxed even in retail. So, I have tried to correct the mistake even here by this amendment of mine. Therefore, wholesale dealers who deal in unmanufactured tobacco are only subject to a licence fee; a wholesale dealer in any form of tobacco will be subject to a licence fee, but if he is taxed on the turnover because he deals wholesale in manufactured tobacco, he will have his licence on what may be called in his case a nominal rate, instead of the high rates that have been fixed for an ordinary wholesale dealer who deals in unmanufactured tobacco. This I thought I had better explain so that hon. Members may not be under a mistaken impression. This is the position. I do hope the House will admit that the Bill be taken into consideration."

The motion that the Bill be taken into consideration was put and carried.

Clause 2.

Sub-clause (4).

K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" I move, Sir, that—

'*In line* 9, omit *the words* " *or deemed to be registered*." '

" Sir, my only point is that a company is either registered or not registered at all. There is nothing like a company 'deemed to be registered' and it is therefore unnecessary to have such expression in this clause. It is a mere verbal amendment and I need not say much on it."

H. S. HUSSAIN SAHIB BAHADUR:—" I second it, Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I can only say, Sir, that I am advised that it would be safer to have it in view of organisations under the Co-operative Societies Act. There is no harm in a thing which is deemed to be registered being treated as registered."

The amendment was by leave withdrawn.

* DR. M. J. SAMUEL:—" Sir, I beg to move the amendment standing in my name, namely:—

'Add *after the words* " *his servants*," *the words* " *or hired labour* ".'

" Sir, the Select Committee has changed the definition of grower and I am suggesting this amendment so that the definition may be made more clear, for it cannot be denied that there is difference between servants and hired labourers. A distinction of this kind is maintained in the Estates Land Act for instance.

I therefore do not want to make any lengthy speech in favour of this amendment and I request the House to accept this amendment."

The amendment fell through for want of a seconder.

Sub-clause (8).

* DR. M. J. SAMUEL:—" Sir, I beg to move the following amendment:—

'Add *after the word " snuff " the words " and tobacco in any form for purposes of chewing ".'*

" I find, Sir, in the definition of manufactured tobacco, tobacco used for chewing mixed with masala, is not included. I do not know why. This kind of tobacco which is used for chewing undergoes as much preparation, as for instance, cigarette or cigar. It is in order to make all forms of tobacco used liable to taxation that this Bill is brought forward. I therefore submit that my amendment which is intended to bring all forms of tobacco under the purview of this measure, may be accepted by the House."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" I seconded the amendment, Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" First of all, the amendment is meant for including chewing tobacco in manufactured tobacco. For the purposes of this turnover tax, let us remember, that it would apply to the smallest retailer; then if this chewing tobacco, or any form of tobacco that is sold in a common shop in a village, is brought within the scope of this Bill, it can come within the mischief of the retail turnover tax. I thought that Dr. Samuel was willing to add to our income by this amendment of his. (Dr. M. J. Samuel: 'That is my idea.') Yes, but it is administratively difficult. Therefore, if we wish to exempt growers and farmers and wish to save them from a certain amount of trouble in respect of this kind of tax, I think it will be necessary to keep down the Bill to cigars, cigarettes, cheroots, pipe tobacco, bidis and snuff and not add mere tobacco leaf which is sold in the common bazaar."

* DR. M. J. SAMUEL:—" There is a special kind of tobacco used for purposes of chewing by adding masala. It is used by the middle and the higher classes and my idea in suggesting the amendment is that these classes of people should also be taxed." 5-45 p.m.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" The hon. Member is kind enough to try to add to the revenue and I think it is due to him to see that by no kind of definition would it be possible to bring the higher and more valuable kind of tobacco within the scope of the Bill keeping out the rest."

The amendment was by leave withdrawn.

Sub-clause (13).

THE HON. SRI C. RAJAGOPALACHARIAR :—" I move—

' Add *the following proviso* :—

" *Provided that any sale of tobacco by a retail-dealer shall be presumed to be a retail sale unless the retail dealer concerned proves that the sale was not a retail sale* ".'

" The retail dealers are registered and ordinarily there should be no difficulty. But there is a differential rate for wholesalers and retailers. If in a retailer's books and accounts sales are shown, it should not be open to the retail dealer registered as such and entering these things, to turn round and say, ' This was a wholesale sale and it should be taxed at a different rate.' All that the proviso says is that such sales by a retail dealer will be presumed to be retail sale unless it is proved by him that it was not a retail sale, and that it would be for him to prove it and not to raise the point and create difficulties."

The amendment was put and carried.

Clause 2 as amended was put and carried.

Clause 3.

* MR. H. S .TOWN :—" The amendment standing in my name is merely consequential if the other amendment that we have given notice of, is passed. If the House does not pass that amendment, it would be useless to pass this one."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" A series of amendments have been given notice of by Messrs. Town and Reid. It represents one correlated and organic proposal which if accepted would practically reduce the Bill to very much less than what it is. It will practically change it out of shape. If the more important part of the amendments are accepted by the House, it may be open for the hon. Members to suggest this amendment as a consequential amendment during the third reading stage and not otherwise."

MR. SPEAKER :—" If, after all the amendments have been considered, some of them are carried, consequential amendments arising therefrom may be moved during the third reading stage."

Sri Diwan Bahadur Appadurai Pillai rose.

MR. SPEAKER :—" If the amendment to be moved by the hon. Member is on the same footing as that of Mr. Town, he may move it at a later stage."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I submit that the amendment of Mr. Appadurai Pillai is on the same footing as that of Mr. Town. The wholesale dealer is subject to

licence and the retail dealer is taxed on the turnover. If the attempt by means of this amendment is to make the retailer subject to the licence only, then alone is this amendment necessary to clause 3. But this depends on the fate of the amendment to cut out the turnover tax in the case of the retailer. If it succeeds this will be merely a consequential amendment and as such its consideration may be postponed to the third reading stage if the other amendment is accepted in the second reading stage."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI:—" I submit that it is not a verbal amendment for the following reason. The definition of 'retail dealer' is 'a person licensed to sell tobacco in retail under the provisions of this Act' and it is not anywhere stated that the retail dealer should take out a licence. There seems to be a lacuna."

MR. SPEAKER:—" This is a legacy of the old Bill."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI:—" The clause states that no person shall engage in the tobacco trade as a wholesale dealer, manufacturer, broker or commission agent unless on the authority of a licence. As such it should include everybody doing the tobacco business, *including the retailer*."

MR. SPEAKER:—" The monopoly system was given up but some of the expressions which stuck on to the monopoly system still remain there."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI:—" My difficulty is that if the clause is left to stand as it is, the conditions relating to the licence would not apply to the retail dealer for the simple reason that that expression does not find a place in the clause; that is my difficulty, Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I think that that objection is partly correct but not quite correct. First of all, it was not intended that the words 'Save as provided in this Act' should cover 'sell or expose for sale any tobacco.' The punctuation needs some improvement. There is no doubt about it. But I must also point out that it is not the intention to levy any licence fee from the retail dealer. Understanding that completely, we may put down the words 'retail dealer' in the place suggested if necessary."

MR. SPEAKER:—" Will it not be made clear if we put down a comma after the word 'tobacco'?"

* SRI C. RAJAGOPALACHARIAR:—" I think I shall accept the suggestion, Sir."

MR. SPEAKER:—" Supposing in the printing of the final Act, involving as it does the printing of the whole thing in a

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uniform type, the comma is left out. We should not allow the *possibility of such error.* Does the Hon. Premier propose to make the motion?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I think, Sir, it would be better that this clause is taken up at the end."

The clause was left over for consideration at the end.

Clause 4.

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"Mr. Speaker, I move—

'For *sub-clause* (1), substitute *the following*:—

"4. (1) *Every retail dealer whose annual turnover exceeds Rs. 600 shall pay a tax at the rate of 2 per cent per annum on such turnover*:

Provided that the Provincial Government may, from time to time, by notification, alter the maximum and the rate specified under this clause but no such notification shall come into force unless the same is approved by a resolution of the Legislative Assembly".'

The object of this amendment, Sir, is to reduce the rate of turnover tax from 10 per cent to 2 per cent and to give exemption to those retail dealers whose turnover is less than Rs. 600. It has already been pointed out that these rates work a very great hardship but the Hon. the Premier in his inimitable way has replied that it will not be possible for the Government to concede to the request. I wish to point out the difficulties to which the retail dealer will be put in case the existing section as it stands is passed. According to it, the retail dealer whose turnover does not exceed Rs. 100 has to pay six rupees as tax. The figures may look innocent and I wish to explain them a little. In this case, the monthly turnover works to Rs. 8–5–4 and the unfortunate man is required to pay 8 annas per month. I want hon. Members to put themselves in that unfortunate position and imagine whether it would be possible from so small a sale to pay so much. Supposing members of this House are asked to pay a voluntary subscription of eight annas a month to their club. Will they not feel much difficulty and will they not ask the club to reduce the subscription to 4 annas? When that is the case even with the well-to-do, how would it be possible for a poor merchant selling only Rs. 8–5–4 per mensem to pay a duty of 8 annas per month? The same is the case with those who have a turnover of Rs. 200 and Rs. 300. For the second class of traders who are governed by sub-clause (*b*), their monthly turnover is Rs. 16–10–8 and they are asked to pay Re. 1–4–0 per month as turnover tax. Similarly in the case of the other man having an annual turnover of Rs. 300 his monthly turnover is Rs. 41–10–8 and he is required to pay a tax of Rs. 2–8–0. If in all these

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cases we take the lower limit, the position will become intolerable. So, I submit that the retailer is asked to pay a very high rate. They are placed in a very serious position and it has got to be properly appreciated. That is why, Sir, I want that these retailers whose turnover does not exceed Rs. 600 should be exempt from the tax and it is only those whose turnover exceeds that amount that should be asked to pay a 2 per cent turnover tax. I consider that the 10 per cent is exorbitant. In the General Sales Tax Bill which is going to be brought before this Assembly, there is a provision to tax at half per cent. Sir, if this is compared with the rates given here, it will be seen that they are 20 times over. Surely to make them pay 20 times more than 6 p.m. the other retail dealer is too much. Therefore I strongly appeal to the Hon. Premier to agree to this amendment."

V. S. T. SHAIK MANSOOR THARAGANAR SAHIB BAHADUR:—" I beg to second the amendment."

* M. AHMED BATCHA SAHIB BAHADUR:—" Sir, in supporting this amendment moved by my hon. Friend, Mr. Abdur Rahman Khan I might point out that in the general discussion also I mentioned the difficulty that would be experienced not only in the collection of the tax from the retail seller but also the fact that there are a great many people who make a living out of this trade just with a very small capital, which may not exceed more than Rs. 2 or Rs. 3 at a time. They go about villages selling tobacco along with betel and other things and small quantities of bidis and cigarettes. They make very little out of it so that it will be very hard for them to support themselves and their families, and very often, their sales will not exceed Rs. 100 a year. So it will be very difficult for such small vendors to pay a tax of Rs. 6 even once a year. It will be the same thing in the case of small vendors selling tobacco along with other things in a small shop. Also they will find it difficult to meet their other incidental expenses along with this tax; and further they will not be in a position to maintain their accounts. In fact it is impossible for such people who go about hawking tobacco from place to place, going from village to village and from street to street to show what their annual turnover really is. This is also the same case with the betel-nut shop-keeper. They sell along with tobacco a hundred other things in their shop and it is impossible for them to maintain an account. So the administration of this tax will be very difficult. Such shop-keepers will have to deal with officers connected with the realization of tax. Even excise officers who will be very hard people for them will have to be dealt with. It will be very difficult to make them understand what is expected of them. So considering all these difficulties and the smallness of the business done by these people, where accounts cannot be maintained, I think there will not be much difficulty and in fact there will not be also less income for Government, if they are allowed only to take a licence. Therefore I support this amendment."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" The principle of the amendment, as I understand it, Sir, is that instead of taxing retail trade in manufactured tobacco, whatever may be its value, a turnover tax may begin only at Rs. 600, apart from the question of rate. It gives power without going through the legislative process but only through a resolution process to lower the minimum prescribed. That is to say, the principle of the amendment is this: that tobacco will be taxed only in large shops and not in the small shops. This, I submit, would result, apart from the merits of the proposal from the fiscal point of view, in a far greater dislocation of the organization of trade and business than any which hon. Members have referred to hitherto in opposing the Bill as a whole. I submit that it is not possible for Government to accept this wholesale change in the proposal."

The amendment was put and lost.

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Sir, I beg to move that—

'For *sub-clause* (1), substitute *the following*:—

" *In respect of every licence granted to a retail dealer there shall be levied a licence fee of Rs.* 10 *per annum*:

Provided that the Collector may issue a licence to any retail dealer whose turnover is estimated at less than Rs. 1,000 *per annum on a fee of Rs.* 5 *per annum* ".' "

MR. SPEAKER:—" The alternative amendment given notice of may be omitted."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" It may be put afterwards if this is not passed."

MR. SPEAKER:—" I think it is covered by the amendment which was moved already."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" It is a different matter that is dealt with here. I submit that this amendment applies to all tobacco dealers, whereas the amendment which was lost dealt with only a higher class of persons."

MR. SPEAKER:—" Is it necessary to have both the amendments? "

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Well, I move this; and we shall see with regard to the other amendment."

MR. SPEAKER:—" Yes."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Sir, my object in moving this amendment is to substitute the system of licensing and levying a fairly reasonable fee on dealers in tobacco in place of the turnover tax which has been introduced in the Select Committee stage. Sir, my reason for proposing this change is that it will then be a workable measure. As it is, the turnover

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tax on a small dealer is certainly not a practical means of collecting revenue and making him maintain proper accounts on the basis of which alone the collector of tax can decide whether a person has to pay a certain sum, or whether he can be taxed high or small, or not at all. Besides in my opinion the collection of licence fee will not entail administrative cost to the extent to which it will if a turnover tax is retained. Another reason why I am suggesting this is that it will be impossible for these small dealers, except under circumstances where they can employ a clerk to maintain accounts, to keep any accounts of their business transactions. Should all of them have to keep accounts, then they will have to engage a clerk on a salary of Rs. 15 or Rs. 20 per mensem. This, the small dealers can never afford to do financially and otherwise. Financially, because they cannot afford to do so, as they are mere petty traders. And 'otherwise' I say for this reason: they deal in a variety of articles, and it is impossible for them to keep separate accounts for tobacco sale, separate accounts for betel-leaf sale, for soda water sale, for lemonade sale and similar other small articles, by which the small petty dealer tries to eke out his very very meagre livelihood every day. Even from the point of view of Government they will be able to collect more money by having a licensing system alone. For there are thousands of dealers who will be prepared to pay a licence fee of Rs. 10 and be done with than maintain an account of business, subjected to periodical examination of them by the officers of the Government with all its concomitant results like teasing and harassing of the type that the accounts are not being maintained in the proper form, or they are not produced at the proper time and hence liable for a penalty of fine or in the alternative imprisonment and so on. So to be free from all these harassments the petty traders will be quite willing to pay a licence fee of Rs. 10 and be rid of the bother. Correspondingly, as I said, Government will stand to gain by way of administrative cost and in the long run the income from licence fee will be great.

"Then, Sir, we have always kept as a convention that whatever takes place in the Select Committee should as far as possible not be divulged in the House, but a precedent has been established by my hon. Friend the Premier, when he said that we were all very happy, that cordial relations prevailed in the Select Committee and that we agreed with what took place there . . ."

MR. SPEAKER:—"Other hon. Members have said it also."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"So it has become ordinary."

MR. SPEAKER:—"No, it has not become ordinary. I wanted to prevent it, but there was so much enthusiasm over the happy relations in the Select Committee stage that I did not want to mar that happiness. It is better anything that happened in the Select Committee is not divulged."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" I hope other hon. Members will observe it."

MR. SPEAKER:—" All hon. Members will observe it."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Well, I do not want to say anything about what happened in the Select Committee. After what happened in the Select Committee we consulted the people concerned about this measure and in the light of that consultation we are free and in fact we have a right to bring forward amendments now. I have on the basis of that information, as a result of the inquiry made, thought it fit both in the interests of trade concerned and in the interests of the Government also to bring forward this amendment suggesting the levy of a licence fee instead of a turnover tax. If a turnover tax is levied, then only a small number of higher class of business people will be really paying the tax under this measure. But should a general licence fee be levied it will comprehend within its ambit all classes of tobacco dealers both small and big. As I said the collection of the fee will be done with ease, without any harassment; and there is no need to maintain any accounts on the part of the dealers. I therefore hope, Sir, that in the light of information that we have been able to get, the Hon. Premier will accept this very, very useful amendment."

V. S. T. SHAIK MANSOOR THARAGANAR SAHIB BAHADUR:—" I second the amendment."

· 15 .m. * M. AHMED BATCHA SAHIB BAHADUR:—" In supporting this amendment of my hon. Friend, Mr. Abdul Hameed Khan I might specifically mention that some doubt was created in that clause to which I have referred previously that ' every retail dealer ' does not necessarily imply ' every retail dealer of manufactured tobacco.' It leads to the other impression that an ordinary seller of tobacco, i.e., leaf tobacco may also be included. Therefore, it will be better if it is made clear at this stage by inserting ' every retail dealer in manufactured tobacco.' "

* THE HON. SRI C. RAJAGOPALACHARIAR:—" We are going to make it."

* M. AHMED BATCHA SAHIB BAHADUR:—" That is all right. That is, ' dealer ' means ' retail dealer in manufactured . . .' "

MR. SPEAKER:—" That is what the Hon. Premier said . . ."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I am moving an amendment presently to insert ' manufactured tobacco ' into this clause."

* M. AHMED BATCHA SAHIB BAHADUR:—" Then I have got nothing to say."

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* THE HON. SRI C. RAJAGOPALACHARIAR:—"The proposal of Mr. Hameed Khan, Sir, is that the Government should be content with a licence fee and should give up the turnover tax. I am sorry, Sir, that I am not able to accept it. I have already dealt with the subject in detail."

The amendment was put and lost.

MR. SPEAKER:—"Does Mr. Hameed Khan propose to move the *alternative amendment*."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Yes, Sir. My Hon. Friend, the Premier thought that the licensing system is not sufficient for him and perhaps he fears that the Government will not get as much money as I said it would. That apart, I move that—

'For *sub-clause* (1) substitute *the following*:—

"*Every retail dealer shall pay a tax in respect of his turnover each year at 2 per cent of the turnover.*"'

"Whereas he is called upon under the provisions of the Bill as it has emanated from the Select Committee to pay a maximum rate of 10 per cent, I am asking that it should be reduced to 2 per cent."

MR. SPEAKER:—"It is practically the same as Mr. Abdur Rahman Khan's. . ."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I accept that. I do not want to exempt the lesser dealers. I want a uniform rate to be levied for all dealers. I am suggesting that to the Government. The 10 per cent is certainly too high for a small dealer to pay at the end of a year. I have already stated that it is not possible in more than 50 or 60 per cent of cases for these retail dealers or the wholesale dealers to pass on the incidence of taxation to the consumer. It is not at all possible. They cannot pass it on on account of the competition between bidis and bidis, bidis and cigarettes, and cigarettes and cigars and other manufactures of tobacco. There is such a competition that it is impossible for them to pass on the incidence of taxation to the consumer altogether. They may be able to pass on a very small fraction of it and may not altogether be able to pass on this incidence of taxation to the consumer.

"Then, there is another reason why the rate should be reduced. As has already been pointed out, the persons who deal in this tobacco are on a smaller scale, such as the *pan-wallahs* and smaller merchants. After all, their profit is very, very small and they cannot for the reason that there is a tax, sell this commodity like bidis, cigarettes and cigars at a higher price. For instance, most of our poor labourers and other poor people who go in for bidis and cigars of a cheaper type cannot bear a 50 per cent increase on the rate of either bidis or cigars. The Hon. the Premier is

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under the impression that as these bidis are sold to-day to the extent of 6 for a quarter of an anna, it is possible for them to sell 4 bidis for a quarter of an anna or one for a pie. To-day 2 bidis are sold for a pie and how is it possible for these men, the *pan-wallah*, the small bidi bazaar man to sell one bidi for a pie? Is it a practical thing? It is impossible for these men to reduce the entire incidence of the tax and to pass it on to the consumer. Either the consumer will suffer to such a large extent or it will not be possible for these men to pass it on to the consumer.

" I am sure that this is a new method of taxation and as the Government are introducing this for the first time, the incidence should not be so high as to break the camel's neck; but my Hon. Friend, the Premier says that the camel is such a sturdy animal that this tax will not break its neck. The camel in this country, in India, on whom this burden is going to be placed is already broken, the neck is already broken or is on the verge of breaking and if this Government place even this weight the breaking neck will break in such way that it will not continue to exist at all. Therefore, I hope that the Hon. the Premier will see that the weight on the neck of the camel is not so heavy and therefore reduce the rate of 10 per cent to 2 per cent."

The amendment was duly seconded.

MR. SPEAKER :—" There is much overlapping of these amendments. All the same I do not want to rule out these amendments. They might be formally moved so that they may not be technically ruled out. The same arguments need not be repeated."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I regret, Sir, I cannot accept the proposal that the retail turnover tax should be a 2 per cent tax."

The amendment was put and lost.

* MR. H. S. TOWN :—" There seems to be a mistake in the Agenda paper. It is Rs. 50. In my copy of the amendment sent in it is Rs. 30. I have given notice of my amendment. . ."

MR. SPEAKER :—" Already there was an amendment for the reduction of the licence fee to Rs. 10 and this is for Rs. 50."

* MR. H. S. TOWN :—" This figure Rs. 50 is a mistake. This must be Rs. 30."

MR. SPEAKER :—" Practically the principle is the same."

* MR. H. S. TOWN :—" The principle, Sir, is exactly the same. But I am for levying three times the amount. I move that—

' For *sub-clause* (1), substitute *the following* :—

" *Every retail dealer shall pay such annual licence fee not exceeding Rs.* 30 *as may be prescribed by the Provincial Government.*" '

" This is to substitute a ' licence fee ' for the ' turnover tax.' The Hon. Premier has already given us a reply and I do not think that I can touch his heart even by my best endeavours."

The amendment was duly seconded.

THE HON. SRI C. RAJAGOPALACHARIAR :—" This is the main and essential part of the scheme of amendments of Mr. Town that the turnover should be substituted by a licence fee . . ."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" Is the Hon. Prime Minister replying, Sir? "

MR. SPEAKER :—" Do you want to say anything? As nobody rose to speak, I have asked him to reply. If you want to say anything, you may say. But already everybody has spoken in regard to the principle. It is only a question of the amount. Mr. Hameed Khan spoke about it but it was rejected by the House. These are so overlapping and probably I might have disallowed them, but technically I do not want to."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :— " Without losing money I may put forward my argument. The Government may make this without losing money.

" Sir, if I rise to support this amendment, I support this for the sake of simplicity with regard to the taxing of the retailer. The way in which the few amendments to the various provisions of the Bill, have been lost shows that the retailer will also be put to the worry of keeping accounts. This will entail a great hardship upon the retailer if we do not accept the amendment. Sir, it is very simple to levy a licence fee on the retailer. If the Hon. the Premier would accept this amendment, it will not only make the course simple, but it will also be a light measure of taxation. That is one thing. We shall all be happy and probably the persons interested in tobacco trade will be very grateful. That apart, Sir, I think the Hon. the Premier will consider favourably the question of accepting this while at the same time he may devise other means of getting money in the same Bill. That is, he can devise means by which he could tax the wholesaler or the manufacturer of tobacco products at one place and at reasonable rate. It will also yield a sufficient amount of money. That is my suggestion.

" Another suggestion which I made in connexion with the consideration of the Bill was that it would be a very heavy tax on the retailer and that he could have a cumulative wholesale taxation in the form of a licence fee and a reasonable rate of tax for the wholesaler. The other alternative is only to leave out the wholesaler and have the retailer. The suggestions have already been practically lost when Mr. Hameed Khan's amendment earlier was not carried. It is in this view that I support the amendment for the consideration of the Government. I want the Government to take this aspect of the question into consideration."

6–30 p.m. * SRI DIWAN BAHADUR A. APPADURAI PILLAI :—" May I move my amendment—amendment to clause 4 (1) (*d*)? It is in the same line and the Premier may deal with all the amendments at the same time."

MR. SPEAKER :—" You may withdraw afterwards."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI :—" I would like to explain, Sir. Just give me a couple of minutes. I beg to move the amendment standing in my name to clause 4 (1) (*d*)—

' For " *ten per cent* " substitute " *five per cent*." '

" My reason is very simple. According to the first slab of sales not exceeding Rs. 100 the tax that is proposed is Rs. 6 per year."

MR. SPEAKER :—" I think Mr. Town's amendment and your amendment are quite different."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI :—" Very well, Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The proposal as expounded by the Leader of the Opposition comes to this, that we take a licence fee from all retail dealers and attempt to persuade the House to take a higher turnover tax from wholesale dealers. It is the same one point proposal in a different form and the point placed where it would be most vulnerable so far as Government are concerned. One point at the retail would cover the entire field of the trade, but one point at a wholesale may or may not cover retail trade carried in conjunction with wholesale dealers outside the Province, and wholesale dealers outside the Province would then have every attraction to deal directly with the retail trade if the retail trade is left easily and the wholesale trade alone in the Province is taxed. I submit that this proposal has all the mischief in it which Mr. Ahmed Batcha tried to bring out in regard to the whole proposal. It is therefore not possible to accept the principle of this amendment, namely that the retail dealer may be licensed for a licence fee, the turnover tax to be imposed on the wholesaler. Of course Mr. Town's intention was not to put a heavier tax on the wholesale dealer on account of this. But, as supplemented by the Leader of the Opposition it takes this form. I am answering them severally as well as jointly. I do not think, Sir, that we can reduce the rate or reduce it to a licence fee in the hope of increasing the wholesale turnover. I regret I am not able to accept the proposals."

The amendment was put and lost.

Mr. Speaker suggested that Government amendments may be taken up last and called upon Sri T. T. Krishnamachariar to move his amendment.

SRI T. T. KRISHNAMACHARIAR :—" May I suggest, Sir, that Mr. Appadurai Pillai can move his ' five per cent ' amendment earlier? "

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* SRI DIWAN BAHADUR A. APPADURAI PILLAI :—" Sir, I beg to move—

'*In sub-clause* (1) (*d*) *for* " *ten per cent* " substitute " *five per cent.*" '

" We find, Sir, that in the first slab of taxation sales not exceeding Rs. 100 are subject to a tax of Rs. 6 per year. In terms of month, the tax is half a rupee per month. In the second slab of sales not exceeding Rs. 200 the tax is Rs. 15 and it amounts to Rs. 1–4–0 a month. In the third slab of sales in excess of Rs. 200 but not exceeding Rs. 500, the tax amounts to Rs. 30 or Rs. 2–8–0 a month. But when the sales exceed Rs. 500, the tax is proposed at 10 per cent on the turnover. Let us take for instance the sales for a thousand rupees. Then the assessee will have to pay a tax of about Rs. 100 or Rs. 8 and odd a month. The jump from the previous slab to the next slab is very nearly four times. That seems to be excessive. If the slabs are regulated to be double the lower slabs, we shoot up in the last stage to four times the previous slab. That seems excessive. If it is Rs. 2–8–0 a month in the first lower slab, five rupees a month for the next slab seems to be reasonable. If that is accepted it will amount to five per cent. That will be sixty rupees a year. Having regard to the amount of objection that has been advanced with reference to this taxation Bill I would respectfully appeal to the Hon. the Premier to accept this amendment."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" Sir, I rise to second the amendment moved by my friend, Mr. Appadurai Pillai.

" Sir, the way is clearly cut. The Hon. the Premier has now come to the stage when he has definitely indicated the line which he is going to pursue with regard to the manner of taxation. From the amendments that he has so far considered and rejected it is now clear that he is basing the tax on the basis indicated in the Bill before us. That means he is not accepting the alternative basis which has been suggested in various amendments. By this time we have come to the clear road when we know that he is going to pursue the slab system to some extent and also the rate of taxation on the turnover. Once it is clear the turnover is to be there and once I find the proposition of my friend, Mr. Abdul Hameed Khan, about two per cent also not accepted, I should think that the proposition now moved by my friend, Mr. Appadurai Pillai, asking for the substitution of ' five per cent ' for ' ten per cent ' is exactly the position which should commend itself to men of my way of thinking, particularly with reference to taxation measures. I would ask Government to remember that this is not their only taxation measure. Their requirements for the coming year are not also very much. That being the case, I think there is very strong reason why this amendment should be accepted.

The various suggestions to have a licence tax have not been accepted, and it is clear that this basis of ten per cent is under consideration. Considering the volume of objection that has been raised in this country which cannot be doubted and which everybody would agree is genuine, I would urge very strongly that it will be a great folly if this House would not reduce the tax from the ten per cent basis which we find in the Bill.

"I shall be very glad if the Prime Minister will come and say that 5 per cent is too low. But, I do not think he made any elaborate explanation when the question of the 2 per cent basis was raised by Mr. Abdul Hameed Khan. If he had come out with an explanation with regard to the money that he expects out of this taxation on a 10 per cent basis, it would have probably helped us to speak more clearly and more specifically with regard to various suggestions. We have not been told so far by the Hon. the Premier as to what will be the amount of money which he wants by this measure. Surely I expect he would say 'I want whatever money that is possible from this measure.' Sir, that should not be the criterion when we take a particular tax like this and put up such a high rate. We should be able to say 'We expect to get thirty or forty lakhs of rupees from this item of revenue.' If it is known that 10 per cent would yield so much, it will be possible for members to make more reasoned suggestions so that we may not be open to the attack that 5 per cent is too low or any such thing. I consider that 5 per cent is—let me not say high, but—a very, very reasonable rate for even the most exacting Prime Minister. I do not mean the Hon. the present Prime Minister but the most exacting Prime Minister, whoever he may be and in whichever country it is. Therefore I plead that this is exactly the occasion when the Hon. the Prime Minister should rise to the occasion. He will say that I am flattering him. Let me assure him that I do not mean vain flattery. Sir, my hon. Friend Mr. Abdul Hameed Khan says that it looks as if the Hon. the Prime Minister may accept it. Nothing will give me greater pleasure and I will sit down immediately if there is a chance without wasting even a minute more. For, the great purpose of the Bill will be attained and the Bill will pass into law in a few minutes if he accepts this vital amendment. After the rejection of the various alternative bases of taxation earlier in this debate, this is the most important amendment now under consideration and let me not repeat my argument but close by saying that the tobacco trade will be seriously affected if there is no reduction in the rate of taxation. But the Hon. the Premier will say that the money that we are going to raise by this measure is going to be utilized for very good purposes: that tobacco is a luxury and that people must pay. I do concede that it is a luxury. I have already conceded in the earlier debates when the Bill was introduced that tobacco, and particularly manufactured tobacco, being a luxury should be taxed. I am very glad

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that the suggestion that I made earlier in the debate is accepted and that unmanufactured tobacco will not come under taxation. With regard to manufactured tobacco I consider that 5 per cent is a fairly high rate and I plead very strongly that 5 per cent should be accepted."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Mr. Speaker, I am afraid the Hon. the Premier and this hon. House will feel that I am going on in a sort of shameless manner persisting in trying to persuade the Hon. the Premier to come to some sort of understanding with the Opposition. (The Hon. Sri. C. Rajagopalachariar: '*It is not a question of shame.*') I am sure that in this House on all sides there are hon. Members who do feel in their heart of hearts that the rate of 10 per cent is too high and that it may be reduced. (A voice: 'It is not so.') I know that there are honourable exceptions like my friend who made that ejaculation. I have never forgotten them. I remember them always. But I know that the vast majority of the people who live with the poor, who know the difficulties of the poor and who realize the hardships of the poor will agree with me when I say that the 10 per cent rate is very high. After all, the argument that will be advanced is that even before the Bill was introduced, the shop-wallas and the vendors all over the province had raised the rate to such an extent that they are now getting 25 per cent profit more than they were getting before. That much profit exists only in the imagination of people. That will be simply an argument for argument's sake brought forward for the purpose of maintaining the position that the merchants in tobacco are realizing so much profit. It is certainly impossible for the poor dealers in tobacco to raise the price by 25 per cent. On the assumption that the dealers are making 25 per cent profits, it will be said that out of this 25 per cent only 12 per cent goes to the Government and that they will have in their hands 13 per cent which does not help either the consumer or the Government. That is all wrong, Mr. Speaker. The dealers do not make anything like even 10 or 12 per cent. It is impossible in most cases to raise the rates to such an extent. Perhaps my friends may have in mind a handful of very rich merchants making huge profits, but we are not legislating for the 17 or 20 of them. We are passing legislation for the smaller dealers who just manage to eke out a livelihood. Therefore I implore the Hon. the Premier not to make it a question of prestige, but to agree to the amendment of Mr. Appadurai Pillai. It is a very reasonable amendment." 6-4 p.m.

MR. SPEAKER:—"Sri T. T. Krishnamachari may move his amendment at this stage. That is an amendment almost similar to this. I suggest that discussion may proceed on these two amendments."

* SRI T. T. KRISHNAMACHARIAR:—" I move—

'*In item (d) of clause 4 (1),* delete *the words* " *Ten per cent of the turnover* " *and* substitute *the words* " *Six and quarter per cent of the turnover.*" '

" Sir, there is no particular magic in figures. The Hon. the Premier said sometime back that 10 per cent has the advantage of being related to the unit of currency. If it is one-sixteenth, it will be one anna in the rupee and will be better related to the unit of currency obtaining in this country. It will be easy for the retailer when he sells tobacco to the buyers or consumers to recover at the rate I have suggested. I therefore request the Government to accept my amendment."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Taking the last point first, Sir, as to the convenience of taking an anna in the rupee, I may say that the cigarette packets are not sold for a rupee. At least the common ones are sold for $2\frac{1}{2}$ annas or $3\frac{1}{2}$ annas per packet and it would really be again making a present of a great deal of money to the dealer and taking it away from the smoker. That would be the result if we adopt the amendment of Sri T. T. Krishnamachari. It is true that there is a charm in one-anna-in-the-rupee, but I do not think it will apply at all with any convenience to the rates of prices that prevail with reference to the forms of tobacco with which we are dealing.

" As regards the much cheaper forms, neither the $6\frac{1}{4}$ per cent nor any other per cent has any definite relation. These articles are sold for a pie or for three pies and all the adjustments will certainly apply to the one as to the other. The whole question now is, what is an equitable and wise rate. Appeals have been made to me. It is possible to make out that I am a very cruel man in not accepting such appeals. It is possible to make such appeals and even make out a good case for consideration. But if it were a tax on the dealer which the dealer would not pass over to the consumer under any circumstances or is not likely to pass over, I can very well understand such fervent appeals. But it is impossible for me to believe that this Bill can get through without affecting the burden on the consumer. Therefore the proposal to reduce to 5 per cent or $6\frac{1}{4}$ per cent or any other per cent the tax that has been suggested would be taking us back to the same problem. Will it be a good thing to do so? Since we are increasing the burden on the tobacco consumer, is it a good thing to take it in driblets like this or not to touch it after once touching it in this manner? I therefore am sorry that I cannot accept the plea for 5 per cent or the $6\frac{1}{4}$ per cent. But I want to make a suggestion here. May I know if the amendments in place of (*a*), (*b*) and (*c*) have been given up by Mr. Krishnamachari? "

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MR. SPEAKER:—"He is going to move them. We will dispose of the amendments now and Government may carefully consider all these and bring their amendments to-morrow."

The amendment of Sri T. T. Krishnamachariar was, by leave, withdrawn.

The amendment of Sri Diwan Bahadur Appadurai Pillai was then put and lost.

* SRI T. T. KRISHNAMACHARIAR:—" Sir, I move—

'*In place of (a), (b) and (c),* substitute *the following:*—

"*If such turnover does not exceed five hundred rupees, six rupees for the first hundred and thereafter six rupees for every hundred or part thereof.*"'

"Sir, my reason for moving this amendment is, as I referred to while speaking before on the floor of this House, my dislike of the slab system, and the fact that to the best of my knowledge the turnover tax is nowhere based on the slab system. There is no magic in it. There is no meaning in borrowing that system here from the Income-tax Act. Admittedly this tax is going to be collected from the consumer. I ask the Hon. the Premier, what is the advantage of the slab system here? The hon. Member representing the Madras Indian Christian constituency explained to the House the various rates under which the tax is to be collected. If a dealer sells for Rs. 200, he will pay Rs. 30; if he sells for Rs. 499 he will pay Rs. 30 and if be sells for Rs. 501 he will pay Rs. 50. After all it is a question of the amount being collected from the consumer. That being the case, what is the object in a slab? The only justification for a slab will be this, that for administrative reasons they want to fix the amount so far as the last unit is concerned.

"Beyond this, I cannot see any reason why there should be 7 p.m. this slab system introduced? That is why I suggest in my amendment that there should be a rate of Rs. 6 for the first hundred, and thereafter six rupees for every hundred or part thereof. What was at the back of my mind, when I gave notice of my subsequent amendment, viz., that 'six and quarter per cent of the turnover' might be substituted instead of 'the ten per cent of the turnover' in item (*d*) of clause 4, was that that rate works out the same figure, as the rate of Rs. 6 'for the first hundred, etc., etc., etc.,' proposed in this amendment would work out. As that amendment has been dropped, I propose that this amendment may be accepted. I want to indicate to the House that there is no justification for this slab system, except the argument that it is introduced for the sake of administrative convenience. But if you want to confer benefit on the small dealer, by introducing the slab system, it cannot be done under the provisions of this Bill as they stand at present. As a matter of fact, as the clause now stands at present,

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you will be doing a positive harm to dealers having a turnover between Rs. 100 and Rs. 500 and they will be under a disadvantage. I therefore commend my amendment for the acceptance of the House. I understand that the Government have got power to make an alteration of the provisions whenever they think fit and necessary. But, I think it is better to make a beginning here without waiting to make it later on."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I beg to second the amendment. Undaunted by the failure of all our amendments not having been accepted, we seem to have the peculiar knack of persisting in moving all the rest of our amendments which are still on the agenda paper. I think my friend representing the South Indian Chamber of Commerce has rightly stressed the fact that on principle it is very defective that this Bill should contain provisions based on the slab system as well as provisions based on the system of turnover. By the amendment which he has proposed, he is trying to make the turnover tax with regard to lower amounts still lower. In the Bill you will find that a person whose turnover is Rs. 105 pays Rs. 15 as turnover tax and a person whose turnover is Rs. 210 pays Rs. 30 as turnover tax. I strongly urge that to remove this inconsistency and also to fix the rate of taxation at a reasonable figure, it is necessary that this amendment should be accepted. The amendment of my friend Mr. Krishnamachariar is a very reasonable amendment, at least taking into consideration the smaller dealers who are involved in this affair."

*THE HON. SRI C. RAJAGOPALACHARIAR:—" I hope hon. Members who have moved and seconded this amendment will understand me aright as to why I am not accepting their amendments. I do not pretend that this 'slabification,' if I may so put it, is perfect, nor do I say that it has not many patent inequalities involved in it. At the same time, I would point out that the slab system, with all its defects, has its advantages also in some respects. It helps the party to be assessed as well as the assessing authority, where otherwise, for very small businesses very great, deep and close enquiries have to be made. That is the only justification for the introduction of the slab system. We have retained very ample powers in the hands of the Government to correct a particular classification or the rate whenever they find quite clearly that a case has been made out. I do not think there will be much difficulty in altering the rates, or the maxima or the minima that have been fixed now, if it is found in practice that they are inconvenient to anybody. The clause as drafted in the Bill reads 'Provided that the Provincial Government may from time to time, by notification, alter the maxima and the rates specified in items (a), (b) and (c).' Therefore I would suggest that the objection to the slab itself may not be pressed.

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"With regard to the rate, it is a matter which has been entirely covered by my other arguments. So that does not matter now."

The amendment was put and lost.

* SRI T. T. KRISHNAMACHARIAR:—"I beg to move—

'Delete *items* (*b*) *and* (*c*) *of sub-clause* (1).'

"Mr. Speaker, in moving this amendment, I have the advantage of being able to know how the hand of the Hon. the Premier works in this. If my amendment is accepted, the changes that may have to be made as a result of retaining clauses (*a*) and (*d*) will be merely consequential, because on principle there will be no difference, and anybody whose turnover is more than Rs. 100 would be liable to pay at the rate of 10 per cent. It may look as if I am putting some dealers at a disadvantage. But I would point out that the balance of advantages are on the dealers side. A man who has got a turnover of little above Rs. 100, say Rs. 110 or Rs. 120, according to the Bill as it now stands, has to pay Rs. 15; whereas he will have to pay Rs. 11 or Rs. 12 only if my amendment is accepted, because he will have to pay only at 10 per cent rate for all turnovers above Rs. 100; and if a man gets Rs. 150 turnover, then only he will have to pay Rs. 15. Similarly it will also be an advantage to people whose turnovers are above Rs. 200 but between Rs. 200 and Rs. 300. The man who gets a little above Rs. 200 now will have to pay Rs. 30, whereas if my amendment is accepted, it will be advantageous for him to pay at the rate of 10 per cent on the whole turnover. So notwithstanding the assurance given by the Hon. Premier that the matter will be rectified as early as possible, I am sorry I have to press my amendment, more especially in view of the fact that the slab that has been proposed is an illogical affair and it has to be set right. The balance of advantage, so far as dealers are concerned, consists in removing the slab. Therefore I press my amendment."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I may submit to the hon. Member, the Mover of this amendment and also the seconder that it does not mean that he will have to wait for a long time and then only we will have to change the maxima or the rates. If after due consideration we think that a change is necessary, the moment we come to that decision we may change it. There is nothing to prevent our doing so. From the dealer's point of view, the fixation of taxes in such a way, as is proposed in the amendment, may even be a burden in some cases, to some of the dealers. So I request the Hon. Mover to leave the power to alter these rates in the hands of the Government."

The amendment was by leave withdrawn.

MR. SPEAKER:—" The next amendment of S. K. Shaik Rowther Sahib Bahadur is covered by that of the Hon. Premier. So it is not necessary that that amendment should be moved."

Clause 4 (1) (a), (b) and (c).

* DR. M. J. SAMUEL:—" I beg to move—

'Substitute *in sub-clause* (1) (*a*) *the words* " *three rupees* " for " *six rupees.*"

'Substitute *in sub-clause* (1) (*b*), " *seven rupees and eight annas* " for " *fifteen rupees.*"

'Substitute *in sub-clause* (1) (*c*), *the words* " *fifteen rupees* " for " *thirty rupees* ".'

" Sir, on a calculation, I find that this taxation was fixed at the rate of one anna per rupee on the gross income. I therefore move that it should be reduced by one-half."

* H. S. HUSSAIN SAHIB BAHADUR:—" I second the amendment. In seconding this amendment I do want to say this much: there is already a scare in the country that this Government in its anxiety to find revenue is trying to tax all trades which they could lay their hands on, and this proposal for taxing a commodity which is grown in our own country naturally produces more scare in the minds of the people and it is becoming more widespread.

" Sir, another point I wish to urge is that the Government have got power under the proviso to alter the maxima and the rates specified in items (*a*), (*b*) and (*c*) of section 4, sub-section (1); and so when they have this power to alter this rate, I do not think they are justified in levying such heavy rates at the very outset. The Government must reduce the rates by half, and in the course of the year find out what exactly is the return on account of the turnover tax on tobacco sales and then it will be time enough for them to think of altering the maxima. The maximum and the minimum that they are fixing are not unalterable and when they have got power to alter them, I think no harm would be done if the Government agree to reduce these rates to half as proposed by my hon. Friend Dr. Samuel."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" In making the same appeal to the mover and the seconder of this amendment, I may say that, simply because of readjustment for which a provision has been made in the Bill, it is hardly necessary for me to go into details at this stage. It is quite possible that I might, immediately after re-examination, alter the rate. There will be no difficulty in putting it properly. I do not think there is any principle involved. The 10 per cent is there and the slabs are fixed. What exactly should be the rate between 100 and 200, and between 200 and 300 and so on is a matter of detail for which power has

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been taken for readjustment. I would therefore request Dr. Samuel and Mr. Hussain Sahib to leave the clause as it is and withdraw the amendment."

The amendment was by leave withdrawn.

Clause 4 (1) proviso.

DR. M. J. SAMUEL:—" Sir, I beg to move the following amendment:— 7-15 p.m.

' Add *after the words " and (c) " the following—*

" *But no such notification shall come into force unless the same is approved by a resolution of the Legislative Assembly* ". '

A similar provision has been made in sub-clause (2) of clause 5 and the same conditions apply here also. Hence I make this proposal."

H. S. HUSSAIN SAHIB BAHADUR:—" I second the amendment."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I must again ask the hon. Member to withdraw the amendment. The reason is this. The percentage of taxation is fixed in sub-clause (*d*) and the taxation of the smaller dealers is related to that percentage on a slab basis and power is taken by the Government to alter the taxation only within the limit fixed in sub-clause (*d*). If we have a provision like the one suggested by Dr. Samuel, it would be merely an encumbrance and it would make it difficult for the Government to deal with the matter as quickly as it might be necessary in order to suit the convenience of the organization of the trade itself. The rate is fixed in sub-clause (*d*) and it is only in respect of sub-clauses (*a*), (*b*) and (*c*) that power is sought by the Government to alter the maxima and the minima by means of notification. Therefore for the same reasons which I advanced with regard to the other amendment, I would request the hon. Member to withdraw this amendment."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:— " Might I also suggest that it would be better if this clause is redrafted? I would presently point out the difficulty. The words here are—

' alter the maxima and the rates specified in items (*a*), (*b*) and (*c*) '.

But the Government have not fixed the maxima in sub-clauses (*a*), (*b*) and (*c*)."

MR. SPEAKER:—" There is the maxima of the turnovers on one side and the rates on the other side."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:— " The ' alteration of rates ' may be anything. There is no limit to the rates. My point is not with regard to the maxima of the

amounts but it is with regard to the rates. There is no upper limit laid down with regard to the rate. Ten per cent has nothing to do with sub-clauses (*a*), (*b*) and (*c*). Probably I may be wrong and the interpretation of the Government may be different. I submit there is no maxima laid down with regard to the rate."

MR. SPEAKER :—"*What does Dr. Samuel say?*"

DR. M. J. SAMUEL :—" I withdraw the amendment."

The amendment was by leave withdrawn.

MR. SPEAKER :—" The consideration of the clause may be continued to-morrow. The Government may then bring in any amendment they consider necessary."

The House then adjourned to meet again at 3 p.m. the next day.

III.—PAPERS LAID ON THE TABLE OF THE HOUSE.

* (1) *Notification appended to G.O. Ms. No.* 1670, *Home, dated* 25*th March* 1939, *fixing the rates at which the tax in respect of certain motor vehicles plying for hire, shall be paid.*

(2) *Corrections to the Appropriation Accounts*, 1937–38, *and the Audit Report*, 1938, *of the Government of Madras.*

* Despatched by post on 13th April 1939.

APPENDIX I.

[Vide answer to starred question No. 1165 asked by Sri P. Buchappa Naidu at the meeting of the Legislative Assembly held on the 24th April 1939, page 263 supra.]

List.

1 Madras General Service—Class XVI—Category 2, Administrator-General and Official Trustee, Madras.

2 Madras General Service—Class XIV—Assistant Engineer for Marine Works at ports other than Tuticorin and Cochin.

3 Law Officers in the City and Mufassal, and Official Receivers.

4 Law Reporters.

5 Madras General Service—Class VII—Secretary, Deputy Secretary, Assistant Secretary, Madras Legislature.

6 Madras General Service—Class XV—Personal Assistant to the Inspector of Municipal Councils and Local Board when recruited by transfer from the Madras Civil Service (Executive Branch).

7 Madras Port Service—Port Officers including Personal Assistant to the Presidency Port Officer and Agent for Government Consignments.

8 Madras Medical Service—Class IX—Principal of the Government Indian Medical School.

9 Madras General Service—Class XVII—Secretary to Government, Legal Department and Remembrancer of Legal Affairs.

10 Sheriff of Madras.

11 Madras General Service—Class V—Surgeon to His Excellency the Governor.

12 Deputy Inspectors of Municipal Councils and Local Boards when recruited by transfer (Temporary).

13 Director of Fisheries recruited by transfer.

14 Certain temporary posts created for specific objects, e.g., Assistant to the Special Engineer, Road Development.

15 Two posts of Deputy Superintendents of Police in the Madras Police Service created temporarily in connexion with prohibition.

Appendix II.

[Vide answer to starred question No. 1178 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 24th April 1939, page 268 supra.]

Statement showing the scales of diet prescribed for inmates in the Borstal Schools.

I. SCALE OF DIET.

(i) For inmates whose main diet is bread.

Name of article of diet.	Per diem.	Name of article of diet.	Per diem.
Rice	8 oz.	Salt	1 oz.
White bread	10 „	Green leafy and other vegetables	6 „
Dhall	2 „	Potatoes	2 „
Groundnut	1 „	Gingelly oil	½ „
Mutton	1-5/7 oz.	Butter	¼ „
Onions	½ oz	Milk	4 „
Jaggery	½ „	Lime	Half.
Sugar	1 „	Tea	¼ oz.
Tamarind	½ „		
Curry powder	¼ „		

(ii) For other inmates—Vegetarian and non-vegetarian.

Name of article of diet.	Per diem. Vegetarian.	Per diem. Non-vegetarian.
Rice	12 oz.	12 oz.
Cumbu, cholam and ragi	4 „	4 „
Dhall	3 „	3 „
Groundnut	1 „	1 „
Mutton	..	1-5/7 „
Onions	½ oz.	½ „
Jaggery	½ „	½ „
Tamarind	½ „	½ „
Curry powder	¼ „	¼ „
Salt	1 „	1 „
Vegetables	8 „	8 „
Garlic	12½ grains.	12½ grains.
Gingelly oil	¾ oz.	¾ oz.
*Ghee	½ „	½ „
Milk (as such or butter-milk)	5-5/7 oz.	2-6/7 oz.
Lime	Half.	Half.

* Two days in a week.

II. DISTRIBUTION OF DIET.

Vegetarians and non-vegetarians

Morning meal	Ragi, cumbu or cholam .	4 oz.
Midday meal	Rice	7 „
Evening meal	Rice	5 „

For those whose main diet is bread.

Morning meal	Bread	4 oz
Midday meal	Rice	6 „
Evening meal	Rice	2 „
	Bread	6 „

APPENDIX III.

[Vide answer to unstarred question No. 354 asked by Mr. E. H. M. Bower at the meeting of the Legislative Assembly held on the 24th April 1939, page 273 supra.]

Statement.

Department.	Year.	Gazetted officers.	Non-gazetted officers on Rs. 100 and over.	Non-gazetted officers on Rs. 35 and upwards but below Rs. 100.
Police	1931	2	40	8
	1938	7	47	10
Revenue	1928	4	4	3
	1938	4	2	..
Forest	1920	16	5	..
	1938	7	4	..
Excise	1928	23	3	10
	1938	10	4	6
Public Works	1922	*	15	..
	1938	*	6	..
Civil Medical	1920	8	12	62
	1938	12	68	144
Educational	1920	14	28	40
	1938	6	36	17

* Separate figures for Anglo-Indians and non-Asiatics not available.

APPENDIX IV.

[Vide item II (2) at page 279 supra.]

To

THE HONOURABLE THE LEGISLATIVE ASSEMBLY,

MADRAS.

The Select Committee appointed to consider the Madras Tobacco (Taxation of Sales and Licensing) Bill, 1939 (L.A. Bill No. 10 of 1939), have the honour to make the following report.

2. The Bill was published in the *Fort St. George Gazette* on the 21st March 1939.

3. The Committee were appointed on the 31st March 1939 with the instruction that the report may be made before the 17th April 1939.

4. The Committee met on the 1st, 11th, 12th and 13th April 1939 in the Assembly Buildings, Chepauk, for considering the Bill.

5. The Committee subjected the provisions of the Bill to a careful scrutiny. The more important changes made by them are mentioned below.

6. *Clause* 2—*Sub-clause* (4).—In the definition of " grower ", the Committee have, for the sake of greater clearness, substituted the words " by his own labour, or by that of the members of his household or of his servants, or by tenants " for the words " by himself or by members of his household or by his servants,

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agents or tenants." Further, as the definition was intended to exclude firms or associations registered under the Indian Companies Act, 1913, *which grew tobacco*, and not only firms or associations *of growers*, necessary amendment has been made to carry out the intention.

New sub-clause (4-*A*).—For convenience of drafting, a new definition of " leaf " has been added as including the stalks and stem of the tobacco plant.

Sub-clauses (7) *and* (8).—The Committee have so worded the definition of " manufactured tobacco " as to restrict it to forms of tobacco ready for use by consumers and to exclude preparations intended for further processes of manufacture. But the definition of " manufacturer " would include persons who manufacture by machinery or manual labour, manufactured tobacco or any preparation or mixture of tobacco intended for a further process of manufacture. The restricted definition of " manufactured tobacco " limits the incidence of the tax to be imposed on wholesalers' sales to articles ready for consumption, and excludes dealings in commodities for further processes of manufacture.

Sub-clause (14).—Owing to the difficulty of defining the exact line between finely cured tobacco and roughly cured tobacco the Committee think it desirable to avoid any reference to roughly cured tobacco in the Bill. The definition of this expression has therefore been omitted in this clause and necessary amendments have been made in the other parts of the Bill to make the intention clear even without the use of the expression.

Sub-clause (16).—The definition of " tobacco " nas been amended so as to include manufactured tobacco, cured and uncured tobacco, any preparation or mixture of tobacco and the leaf of the tobacco plant

Sub-clause (19).—The words " or other valuable consideration " have been added at the end of the definition of " turnover " so as to cover all possible cases.

Sub-clause (20).—The term " wholesale dealer " had been defined in the original Bill as a person licensed only to sell tobacco. The Committee have

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amended the definition as follows so as to include a person who buys tobacco for purposes of trade or manufacture:—

"'wholesale dealer' means a person who buys or sells tobacco for the purpose of trade or manufacture."

7. *Clause* 3.—This clause prohibits the sale of or dealing in tobacco without licence. In order to make it exhaustive of all classes of dealers referred to in the Bill, the words "a wholesale dealer, manufacturer, broker or commission agent" have been substituted for the words "broker or commission agent" in line 3. The Committee have also altered the words "under, and in accordance with the terms and conditions of, a licence" into "under the authority, and in accordance with the terms and conditions, of a licence."

The proviso is intended to protect the grower and to enable him to sell the product of his cultivation without any licence. It has been so amended as to make it clear that this protection extends even to cases where for the purpose of marketing his produce, he has to subject it to the usual processes of curing which would render it marketable as leaf.

A wholesale dealer, manufacturer, broker or commission agent licensed as such, cannot sell tobacco in retail unless he holds a separate licence as a retail dealer and a distinct provision to this effect has been included in the form of a new sub-clause.

8. *Clauses* 4 *and* 5.—These clauses in the original Bill related to the grant of licence to a monopoly dealer and of special licences for retail sale. On the question of grant of monopoly licences for retail vend, in view of the objections raised against it that it would disturb the existing organization of the trade, the Committee have decided to give up the scheme in favour of a levy of a tax on retail dealers assessed on the basis of their annual turnover, leaving retail vending free as heretofore. The amount of the tax is laid down at fixed amounts for dealers doing business on a small scale below Rs. 500 so that this class of vendors may be relatively free from the burdens of detailed account keeping, and at 10 per cent per annum on the turnover of vendors whose annual turnover exceeds Rs. 500.

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The Committee have also decided that a tax should be levied on wholesale dealers of manufactured tobacco calculated at two per cent per annum on the annual turnover of their wholesale sales. As, according to the Statement of Objects and Reasons, the wholesale dealers in manufactured tobacco who pay this turnover tax will be exempted from the General Sales Tax which is contemplated in another measure pending before the Legislature, and in view of the fact that, as a result of this, it would become possible to drop the scheme of monopoly vend, the Committee unanimously approve of the proposal for this tax on wholesale sales of manufactured tobacco. The Committee have made it clear that this tax shall not be payable by small manufacturers who supply their goods to wholesale dealers.

The Committee have deleted clauses 4 and 5 of the Bill and all references in other clauses to monopoly and special licences and licensees.

9. *Clause* 6.—Sub-clause (1) of this clause as originally drafted has been deleted as unnecessary. The Explanation to that sub-clause has been re-enacted as a separate clause after clause 8.

Sub-clause (2) has been re-drafted so as to provide for cases not only of wholesale dealers and manufacturers, but also of brokers and commission agents. As a result of the inclusion of brokers and commission agents in this sub-clause, sub-clause (*e*) of clause 8 has been deleted. The fee payable by the licensee has been fixed at a definite sum and not merely the maximum of such fee. In each case, the amount of the fee has been fixed with due regard to the nature of the business turned out by the licensee and his capacity to pay.

A special proviso has been inserted enabling the Collector to issue a licence to any person who deals on a small scale in tobacco leaf, cured or uncured, or any preparation or mixture of tobacco, on a small fee of Rs. 5 per annum if his turnover is less than Rs. 1,000 and on a fee of Rs. 10 per annum if his turnover is between Rs. 1,000 and Rs. 3,000. Further, manufacturers to whose premises the Factories Act, 1934, does not apply and has not been extended, have been made liable to pay only a fee of Rs. 2 and not a fee of Rs. 10 as in the original Bill. The fee for licence to a broker

or commission agent has been fixed at Rs. 50 instead of Rs. 25 which was the amount fixed under sub-clause (*e*) of clause 8.

Persons who pay a turnover tax on wholesale sales under sub-clause (2) of clause 4 which has been newly inserted, will be granted a licence on payment of a fee of Rs. 10 instead of the fee specified in the table. A special proviso has been inserted for this.

10. *Clause* 7.—In this clause, for the words " a manufacturer or a licensed dealer," the words " or a licensee under this Act " have been substituted, so as to include all classes of persons to whom a licence may be granted under clause 3.

11. *Clause* 8.—As already stated, sub-clause (*e*) has been deleted as necessary provision has been incorporated in clauses 3 and 6.

12. *Clauses* 10 *and* 11.—All references in these clauses to licences to monopoly dealers have been deleted.

13. *Clause* 32—*Sub-clause* (2).—Among matters in regard to which the Provincial Government may make rules, the Committee have included the regulation not only of the sale but also of the custody and transport of tobacco or any form of tobacco.

In sub-clause (3) which provides for the previous publication of the rules in draft, the Committee, following the form which has been accepted in recent legislation by the Assembly, have made the condition of previous publication applicable to the second or subsequent set of rules made under this Bill.

14. The Committee have made various other changes in the Bill which they do not think it necessary to refer to in detail.

15. A copy of the Bill as amended is annexed. The Committee recommend that it is unnecessary to republish the Bill.

C. RAJAGOPALACHARIAR,

14th April 1939. *Chairman.*

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ANNEXURE.

[NOTE.—The changes made by the Select Committee are shown in clarendon type and the portions omitted are shown by dots.]

L.A. BILL No. 10 OF 1939.

A Bill for the levy of a tax on the sale of tobacco and the licensing of trade therein in the Province of Madras.

(As amended by the Select Committee.)

WHEREAS it is expedient to provide for the levy of a tax on the sale of tobacco and the licensing of trade therein in the Province of Madras ; It is hereby enacted as follows :— Preamble.

1. (1) This Act may be called the Madras Tobacco (Taxation of Sales and Licensing) Act, 1939. Short title, extent and commencement.

(2) It extends to the whole of the Province of Madras.

(3) This section shall come into force at once, and the Provincial Government may from time to time by notification in the Official Gazette apply all or any of the remaining provisions of this Act to the whole or any portion of the Province of Madras from such date as may be specified in the notification, and may cancel or modify any such notification.

2. In this Act, unless there is anything repugnant in the subject or context— Definitions.

(1) " broker " or " commission agent " means a person who in the ordinary course of his business . . . negotiates and makes contracts for the sale or purchase of tobacco **for others** ;

(2) " Collector " means the Collector of the district and includes any person appointed by the Provincial Government under section 15 to exercise all or any of the powers or to perform all or any of the duties of a Collector **under this Act** ;

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(3) "Commissioner" means a member of the Board of Revenue or other officer appointed by the Provincial Government to exercise the powers and perform the duties of the Commissioner under *this Act*;

(4) "grower" means a person who . . . . grows tobacco **in the Province of Madras,** by **his own labour** or by **that of the** members of his household or **of** his servants, . . . or **by** tenants, but does not include a firm or association . . . registered under the Indian Companies Act, 1913, **which grows tobacco**, or an association of growers registered or deemed to be registered under the Madras Co-operative Societies Act, 1932; VII of 1913. Madras VI of 1

(5) "**leaf**" **includes the stalks and stem of the tobacco plant;**

(6) [5] "**licensee**" **means any person to whom a licence is granted under this Act;**

(7) [6] "Magistrate" means a Presidency Magistrate, a Magistrate of the first or second class, or a Magistrate of the third class specially authorized in this behalf by the District Magistrate;

(8) [(7)] "manufactured tobacco" **means** cigars, cheroots, cigarettes, cigarette tobacco, pipe tobacco, bidis **and** snuff, **but does not include** any . . . preparation or mixture of tobacco **intended for a further process of manufacture;**

(9) [(8)] "manufacturer" means a person who . . . . manufactures by machinery or manual labour "manufactured tobacco" **or any preparation or mixture of tobacco intended for a further process of manufacture;**

(9) **Omitted.**

(10) "place" includes a . . . house, **building, shed, bunk,** shop, tent, vehicle, and vessel;

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(11) "Prescribed" means prescribed by *rules* made under this Act;

(12) "retail dealer" means a person licensed to sell tobacco in retail . . . under the provisions of this Act;

(13) "retail sale" means a sale of tobacco for the purpose of consumption by the person by whom or on whose behalf it is or may be purchased and the expression "sell in retail" shall be construed accordingly;

(14) **Omitted.**

(14) [(15)] "sale" or "selling" includes any transfer otherwise than by way of gift;

Explanation.—A sale by a co-operative society or a club, a firm or any association to its members is a sale within the meaning of this clause.

(15) [*(16)*] "*tobacco*" *includes manufactured* tobacco, **cured and uncured tobacco, any preparation or mixture of tobacco,** and the leaf . . . . of the tobacco plant;

(16) [(17)] "Tobacco Officer" means any person appointed under section 16;

(17) [(18)] "tobacco revenue" means revenue derived or derivable from any tax, fee, fine or confiscation levied, imposed or ordered, and all sums accruing to the Provincial Government, under the provisions of this Act;

(18) [19] "turnover" . . . . means the aggregate amount for which tobacco is sold . . . . whether for cash or for deferred payment **or other valuable consideration ;**

(19) [(20)] "wholesale dealer" means a person **who buys or** sells tobacco **for the purpose of trade or manufacture ;** . .

(20) [(21)] "wholesale sale" means a sale of tobacco to traders in, or manufacturers of, that commodity for the purpose of trade or manufacture, and the expression "sell wholesale" shall be construed accordingly; **and**

(21) "year" means the financial year.

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Prohibition of sale of tobacco without licence.

3. (1) Save as provided in this Act, no person shall sell or expose for sale any tobacco or carry on business as a **wholesale dealer, manufacturer,** broker or commission agent except under **the authority,** and in accordance with the terms and conditions, of a licence granted by the Collector under this Act :

Provided that a grower may, without licence or restriction, sell **as leaf** any tobacco . . . grown by him, **or** . . . . grown . . **and cured by him for the purpose of marketing it as leaf.**

Explanation I.—The supply of tobacco by a club to its members or by a hotel to its guests or customers on payment of any price, fee or subscription, . . . **is** a sale of tobacco within the meaning of this **sub**-section.

Explanation II.—The sale by a manufacturer of tobacco manufactured by him, whether by wholesale sale or by retail sale, ... **is** a sale of tobacco within the meaning of this **sub**-section.

(2) A licensed wholesale dealer, manufacturer, broker or commission agent shall not sell tobacco in retail, unless he has been granted a separate licence as a retail dealer.

(Old clauses 4 and 5 omitted.)

Tax on turnover of retail and wholesale dealers.

4. (1) Every retail dealer shall pay a tax in respect of his turnover in each year in accordance with the rates specified below :

(a) If such turnover does not exceed one hundred rupees,	**Six rupees ;**
(b) If such turnover exceeds one hundred rupees but does not exceed two hundred rupees,	**Fifteen rupees ;**
(c) If such turnover exceeds two hundred rupees but does not exceed five hundred rupees,	**Thirty rupees ;**
and (d) If such turnover exceeds the maximum last mentioned above,	***Ten per cent of the turnover.***

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Provided that the Provincial Government may, from time to time, by notification, alter the maxima and the rates specified in items (a), (b) and (c).

(2) Every wholesale dealer shall pay a tax on his wholesale sales of manufactured tobacco in each year at the rate of two per cent calculated on the turnover of such sales :

Provided that the tax under this sub-section shall not be levied on any person who prepares manufactured tobacco of value not exceeding one thousand rupees in a year for the purpose of supplying to wholesale dealers.

(3) The turnover and tax mentioned in sub-section (1) and sub-section (2) shall be assessed and collected in accordance with such rules as may be prescribed in that behalf.

5. (1) [6. (2)] In respect of every licence granted to a wholesale dealer, manufacturer, broker or commission agent, there shall be levied on the licensee an annual fee as . . . . specified in . . . . the table below . . . :— Licence fe

	Fee.
(i) Any wholesale dealer who sells or buys tobacco leaf cured or uncured or any preparation or mixture of tobacco for trade therein or for conversion into manufactured tobacco	One hundred rupees.

Provided that the Collector may issue a licence to any person who deals on a small scale—

(a) If his turnover is estimated at less than one thousand rupees per annum. on a fee of five rupees per annum.

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	Fee.	
(b) If his turnover is estimated at one thousand rupees or above, but at less than three thousand rupees ..	**on a fee of ten rupees per annum.**	
(ii) Any other wholesale dealer, not being a manufacturer governed by **item (iii)** below ..	.. Fifty rupees.	
(iii) (a) Any manufacturer **to whose premises** the Factories Act, 1934, applies or has been extended **and in whose** premises . . . 200 or more workers are working . . . . or were working . . . . . on any day of the preceding twelve months.	.. One hundred rupees.	XXV 1934.
(b) **Any other manufacturer to whose premises** the Factories Act, 1934, applies or has been extended.	.. Fifty rupees.	XXV 1934.
(c) **Any manufacturer to whose premises** the Factories Act, 1934, does not apply, and has not been extended	.. Two rupees.	XXV 1934.
(iv) A broker or commission agent ..	.. **Fifty rupees.**	

Provided that a wholesale dealer who pays a turnover tax under sub-section (2) of section 4, shall be granted a licence on payment of a fee of ten rupees instead of the fees specified above in items (i) to (iii).

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lause (2) [(3)] The Provincial Government may, from time to time, by notification, alter all or any of the . . . fees specified in sub-section (1), but no such notification shall come into force **unless** the same is approved by a resolution of the Legislative Assembly.

lause **6.** [7] No person other than a grower . . . . . or a licensee **under this Act,** shall have in his possession any quantity of tobacco in excess of such quantity as the Provincial Government may from time to time prescribe. *Possession of tobacco in excess of the quantity prescribed by Government prohibited.*

lause **7.** [8] Every licence under this Act shall be granted— Form and conditions of licences, etc.

(*a*) for such area, if any,
(*b*) for such period,
(*c*) subject to such restrictions and on such conditions, **and**
(*d*) in such form and containing such particulars,

. . .

(*e*) **Omitted.**

as the Provincial Government may, by general or special order, direct.

ana- o old 6 (1)]. **8.** Where a **licensee** has more than one shop or place of business, whether in the same town or village or in different towns and villages, he shall obtain a separate licence in respect of each **such** shop or place of business. **Separate licence for each shop or place of business.**

9. Every licensee shall, if so required, execute a counterpart agreement in conformity with the tenor of his licence, and give such security for the performance of his agreement as the Collector may require. *Counterpart agreement to be executed by licensee.*

10. (1) The Collector may cancel or suspend any licence granted under this Act— Power to recall licence, etc.

(*a*) if any tax, fee or other due payable in respect of such licence be not duly paid ; or
(*b*) if the holder of such licence fails to keep the prescribed accounts or to submit the prescribed returns or if the returns submitted by him are incorrect or incomplete ; or
(*c*) in the event of any breach by the holder of such licence or by his agents or servants or by anyone acting with his express or implied permission on his behalf, of any of the terms or conditions of such licence ; or

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(*d*) if the holder of such licence is convicted of any offence against this Act or any other Revenue or Penal Law ; or

(*e*) **Omitted.**

(**e**) [(*f*)] if the conditions of such licence *provide for the cancellation or suspension* thereof at will.

(2) **Omitted.**

(**2**) [(3)] Where a licence is cancelled or suspended under sub-section (1) . . . . the holder of the licence shall not be entitled to claim from the Provincial Government any compensation for such cancellation or suspension, nor shall such holder be entitled to claim the refund of any sum paid to, or deposit made with, the Provincial Government, in respect of the licence.

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Recovery of fees, etc.

11. [11 (1)]. All *taxes, fees, fines and other* sums payable to the Provincial Government under any *of the provisions of this Act or of any licence granted* under it, and all amounts due to the Provincial Government by a licensee . . ., may be recovered from the person primarily liable to pay the same, or from his [Old surety (if any), as if they were arrears of land revenue. II (1

(2) **Omitted.**

Obligation of . . . licensee to keep books of account and submit returns.

12. (1) Every **licensee** under **this Act** shall, in respect of each **licence held by him**—

(*a*) keep **such** books of account **and in such form as may be** prescribed . . . ; and

(*b*) submit to the Collector and to such other officers as may be prescribed, a return in such form, containing such particulars and at such intervals, as may be prescribed.

(2) The accounts kept by a . . . license under sub-section (1) and the stocks of tobacco with him shall be open to inspection by such officers as the **Provincial Government** ***may authorize in that behalf.***

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(3) Any such officer shall have power to enter and search any place where any . . . licensee carries on business or keeps any stock of tobacco.

Duties of Commissioner.

13. Subject to the control and direction of the Provincial Government, the Commissioner shall superintend the working of this Act and the collection of tobacco revenue in all areas in the Province of Madras to which this Act is applied.

Collectors charged with the carrying out of the provisions of the Act.

14. Subject to the control and direction of the Provincial Government and of the Commissioner, Collectors of districts shall be responsible for the collection of tobacco revenue and the carrying out of the provisions of this Act in all areas in their respective districts to which this Act is applied.

Appointment of Special Collectors.

15. The Provincial Government may, by notification in the Official Gazette, appoint in any district or portion of a district any person other than the Collector of the district, to exercise all or any of the powers or to perform all or any of the duties conferred or imposed by this Act on a Collector, subject to such control and direction, if any, in addition to the control and direction of the Provincial Government and of the Commissioner, as the Provincial Government may from time to time direct.

Appointment of Tobacco Officers.

16. The Provincial Government, or subject to their general or special orders, the Commissioner, may appoint any person, by name or by virtue of his office to be a Tobacco Officer and assign to him such powers and duties under this Act as the Provincial Government or the Commissioner may think fit.

Issue of warrants for arrest.

17. (1) A Collector, a Tobacco Officer specially empowered in this behalf, or a Magistrate, may issue a warrant for the arrest of any person whom he has reason to believe to have committed an offence against this Act.

(2) All warrants issued under sub-section (1) shall be executed in accordance with the provisions of
98. the Code of Criminal Procedure, 1898, by a Police officer, or by a Tobacco Officer specially empowered in this behalf, or if the officer issuing the warrant deems fit, by any other person.

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Power of entry and search without warrant.

18. A Collector or a Tobacco Officer specially empowered in this behalf, may—

(*a*) enter and search any place in which he has reason to believe that any tobacco liable to confiscation under this Act is kept or concealed;

(*b*) seize any tobacco or any other article which he has reason to believe is liable to confiscation under this Act; and

(*c*) detain, search and arrest any person whom he has reason to believe to be guilty of any offence against this Act.

Procedure for arrest without warrant.

19. The provisions of section 61 of the Code of Criminal Procedure, 1898, shall apply to all arrests without warrant made under section 18.

Duty of officers to report offences, etc.

20. Every officer employed by the Provincial Government or by any local body shall be bound—

(*a*) to give immediate information at the nearest police station, or if so required by any general or special order issued by the Provincial Government to the nearest Tobacco Officer empowered in this behalf, of any breach of any of the provisions of this Act, or of the intention or preparation to commit any such breach, which may come to his knowledge;

(*b*) to take all reasonable measures in his power to prevent the commission of any such breach which he may know or have reason to believe is about or likely to be committed; and

(*c*) to assist any Tobacco Officer in carrying out the provisions of this Act.

Tobacco Officer to have powers of investigation.

21. (1) Every Tobacco Officer empowered in this behalf shall, within the area for which he is appointed, have power to investigate all offences against this Act.

(2) Every such officer shall in the conduct of such investigation exercise the powers conferred by the Code of Criminal Procedure, 1898, upon an officer in charge of a police station for the investigation of a cognizable offence:

Provided that—

(*a*) if such officer is of opinion that there is not sufficient evidence or reasonable ground of

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suspicion to justify the forwarding of an accused to a Magistrate, or that the person arrested may be discharged with a warning, such officer shall release him on his executing a bond, with or without sureties, to appear if and when so required before a Magistrate and shall make a full report of the case to the Collector; and

(*b*) the powers of such officer shall be subject to such further modifications and restrictions as the Provincial Government may determine.

22. (1) All offences against this Act shall be bailable. Offences to be bailable.

(2) Any Tobacco Officer empowered under section 21 shall have power to grant bail in accordance with the provisions of the Code of Criminal Procedure, 898. 1898, to any person arrested without warrant for an offence against this Act.

23. When anything has been seized by a Tobacco Officer exercising powers under section 21, such officer, after such inquiry as he considers necessary— Procedure on seizure.

(*a*) if it appears that such thing is required as evidence in the case of any person arrested, shall forward the thing to the Magistrate to whom such person is forwarded or for his appearance before whom bail has been taken;

(*b*) if it appears that such thing is liable to confiscation but is not required as evidence as aforesaid, shall send the thing with a report of the particulars of the seizure to the Collector; and

(*c*) if no offence appears to have been committed, shall return the thing to the person from whose possession it was taken and make a report to the Collector.

24. Any person who— Penalties

(*a*) in contravention of this Act or of any rule or order made thereunder or of any terms or conditions of a licence, sells, exposes for sale, or keeps, any tobacco or carries on business as a **wholesale dealer, manufacturer,** broker or commission agent, or

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(*b*) fails to keep books of account as required by clause (*a*) of sub-section (1) of section 12, or

(*c*) fails to submit any return as required by clause (*b*) of sub-section (1) of section 12, or submits an incorrect or incomplete return, or

(*d*) fails to pay within the time allowed, or fraudulently evades the payment of, any tax, fee or other sum due from him to the Provincial Government, or

(*e*) acts in contravention of any of the provisions of this Act or of any rule or order or of any terms or conditions of a licence made or granted thereunder,

shall, on conviction by a Magistrate, be liable to a fine which may extend to one thousand rupees and where the breach is a continuing one, to a further fine which may extend to fifty rupees for every day after the first during which the breach continues.

Punishment for obstructing officers in the performance of duties. 25. Whoever intentionally obstructs a Tobacco Officer in the exercise of any powers conferred or the performance of any duties imposed on him by this Act shall, on conviction by a Magistrate, be liable to imprisonment which may extend to three months, or to fine which may extend to five hundred rupees or to both.

Confiscation. 26. Whenever an offence against this Act has been committed, all tobacco in respect of which such offence has been committed and every box, receptacle, package, or covering in which such tobacco is contained and all other contents of such box, receptacle, package or covering, shall be liable to confiscation.

Procedure in confiscation. 27. (1) When in any case tried by a Magistrate, the Magistrate decides that anything is liable to confiscation under section 26, he may, after hearing the person, if any, claiming any right thereto and the evidence, if any, which he produces in support of his claim, order confiscation or may give the owner an option to pay such fine as the Magistrate deems fit in lieu of confiscation.

(2) When an offence against this Act has been committed but the offender is not known or cannot be found, or when anything liable to confiscation under

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this Act and not in the possession of any person cannot be satisfactorily accounted for, the case shall be inquired into and determined by a Tobacco Officer who may order confiscation :

Provided that no such order shall be made until the expiration of one month from the date of seizure of the things intended to be confiscated or without hearing the persons, if any, claiming any right thereto and the evidence, if any, which they produce in support of their claims.

28. (1) (*a*) A Collector, or a Tobacco Officer specially empowered in this behalf, may accept from any person who has committed or is reasonably suspected of having committed an offence against this Act, by way of composition of such offence— Power to compound offences, etc.

(i) where the offence consists of a sale of tobacco in contravention of this Act or of the failure to pay or the evasion of any tax, fee or sum payable under this Act, in addition to the tax, fee or sum so payable, a sum of money not exceeding five hundred rupees or double the amount of the tax, fee or sum **recoverable from him,** whichever is greater, and

(ii) in other cases, a sum of money not exceeding five hundred rupees.

(*b*) On the payment of such sum of money and the tax, fee or sum, if any, payable under this Act, to the officer mentioned in clause (*a*), the accused person shall be discharged, the property seized, if any, shall be released and no further proceedings shall be taken against such person or property in respect of such offence.

(2) A Collector, or a Tobacco Officer specially empowered in this behalf, may accept **by way of composition,** from any person whose licence is liable to be cancelled or suspended under this Act, a sum of money not exceeding five hundred rupees in lieu of such cancellation or suspension.

29. (1) No Magistrate shall take cognizance of any offence against this Act— Cognizance of offences.

(i) except upon the complaint or report of a Collector, or a Tobacco Officer, or of an Excise, Prohibition, or Police Officer, or

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(ii) except upon his own knowledge or suspicion.

(2) Except with the sanction of the Provincial Government, no Magistrate shall take cognizance of any offence against this Act, unless the prosecution is instituted within six months from the date on which the offence is alleged to have been committed :

Provided that nothing contained in this sub-section shall apply to any case governed by section 31.

Bar of certain proceedings.

30. (1) No suit, prosecution or other proceeding shall lie against any officer or servant of the Provincial Government, for any act done or purporting to be done under this Act, without the previous sanction of the Provincial Government.

(2) No officer or servant of the Provincial Government shall be liable in respect of any such act in any civil or criminal proceeding, if the act was done in good faith in the course of the execution of duties or the discharge of functions imposed by or under this Act.

Limitation for certain suits and prosecutions.

31. No suit shall be instituted against the Crown and no suit, prosecution or other proceeding shall be instituted against any officer or servant of the Provincial Government in respect of any act done or purporting to be done under this Act, unless the suit, prosecution or other proceeding is instituted within six months from the date of the act complained of.

Power to make rules.

32. (1) The Provincial Government may make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(*a*) all matters expressly required or allowed by this Act, to be prescribed :

(*b*) the regulation of the sale, **custody and transport** of tobacco, or of any form of tobacco, for the purpose of enforcing the provisions of this Act ;

(*c*) the cases or classes of cases in which and the authorities to whom appeals shall lie from orders (not being orders passed by any Court or Magistrate) whether original or

appellate, passed under this Act or under any rule made thereunder, the authorities by whom such orders may be revised, the time within which and the manner in which appeals may be presented and the procedure for dealing with such appeals ;

(*d*) the disposal of articles confiscated and of the proceeds thereof ;

(*e*) the powers and duties which may be exercised and performed by Tobacco Officers and the procedure to be followed by them ;

(*f*) the delegation of powers conferred by this Act ; and

(*g*) any other matter for which there is no provision or no sufficient provision in this Act and for which provision is, in the opinion of the Provincial Government, necessary for giving effect to the purposes of this Act.

(3) The power to make rules conferred by this section shall, **except on the first occasion of the exercise thereof,** be subject to the condition of the rules being made after previous publication for a period of not less than one month.

33. If any difficulty arises in giving effect to the provisions of this Act or the rules made thereunder, the Provincial Government may, as occasion may arise, by order, do anything which appears to them necessary for the purpose of removing the difficulty. **Power to remove difficulties.**

THE MADRAS LEGISLATIVE ASSEMBLY.

Tuesday, 25th April, 1939.

The House met in the Assembly Building, Chepauk, at three of the clock, Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I—QUESTIONS AND ANSWERS.

STARRED QUESTIONS.

Investigation of the alleged murder of Sri G. V. Rama Rao of Cocanada.

*1190 Q.—SRI KALA VENKATA RAO: Will the Hon. the Prime Minister be pleased to state—

(a) whether Sri G. V. Rama Rao, B.A., B.L., of Cocanada was murdered on 8th January 1939 by a revolver shot; and

(b) whether the crime has been traced and if not, what special arrangements the Government have made or propose to make to detect this murder?

THE HON. SRI C. RAJAGOPALACHARIAR:—"(a) & (b) Sri G. V. Rama Rao, B.A., B.L., of Cocanada, was shot dead with a revolver on 8th January 1939. It is unfortunate that in spite of strenuous efforts no evidence is forthcoming so far."

SRI K. V. R. SWAMI:—"May I know from the Hon. the Premier when the investigation was commenced?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"I believe, Sir, it must have commenced shortly after the death. I might inform the hon. Member that two C.I.D. officers, one after the other, were sent up to assist the local police and all possible theories were investigated and every attempt has been made to trace the culprit. But as I said, it is unfortunate that in spite of strenuous efforts, no evidence is forthcoming so far. I may add that the matter is still under investigation."

SRI G. KRISHNA RAO:—"May I know if the officers who are in charge of the case are thoroughly competent officers and they are of opinion that it will take more time to detect the culprits?"

THE HON SRI C. RAJAGOPALACHARIAR:—"No, Sir, there is no question of time. The officers are very competent officers. But sometimes the cases are very difficult to detect. It is not merely a matter of labour and time."

SRI K. V. R. SWAMI:—" May I know from the Hon. the Premier whether it is not a fact that men of status were suspected in this case?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" It is true, but I would deprecate further questions in this matter which is still under a kind of enquiry."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—" May I know whether the Government are aware that many cases of gunshot murder are not detected and whether they propose to take special measures in order that such murders might be detected?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" Apart from the weapon used, the circumstances of the murder in each case make it easy or difficult to detect. I do not think there is particular difficulty with reference to gunshot cases any more than poisoning cases."

SRI KALA VENKATA RAO:—" May I know whether the Government permit Police officers to join private and exclusive clubs?"

MR. SPEAKER:—" I think this question does not arise. It has nothing to do with the main question. I disallow it."

SRI KALA VENKATA RAO:—" May I ask whether the Government have received complaints that important Police officers at Cocanada are so socially connected with the public of Cocanada that the authors of this crime could not be traced?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" I seem to understand the suggestion, Sir, but I fear that it is not possible to isolate Magistrates and Police officers from all local human society."

SRI G. KRISHNA RAO:—" May I know the maximum time allowed in such cases before they are declared as undetectable?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" It is difficult to lay down the maximum time. 'Never say die' should be the aim."

SRI G. KRISHNA RAO:—" In the case of such crimes, private parties generally receive a notice after some time that they are undetectable."

THE HON. SRI C. RAJAGOPALACHARIAR:—" It depends on the gravity and the circumstances of each case. Sometimes a murder may be discovered long after the event."

SRI K. V. R. SWAMI:—" May I ask the Hon. the Premier whether action will be taken against the Police in case the culprit in this case is not detected?"

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THE HON. SRI C. RAJAGOPALACHARIAR:—" Action may be taken against the Minister also, Sir." (Laughter.)

SRI KALA VENKATA RAO:—" May I know whether subsequent to this murder a clerk of the Satyalingam Naicker's Charities has been beaten openly because he was concerned in this case?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" I would like the hon. Member to speak away from the mike."

SRI KALA VENKATA RAO:—" May I know whether a clerk of the Satyalingam Charities was openly beaten and challenged on this account?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" I cannot say I am aware of it, but it is quite possible."

SRI KALA VENKATA RAO:—" May I ask whether the Government will see that the public are not threatened on this account?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" It is somewhat irrelevant to the original question unless we make a presumption with regard to the culprit himself."

SRI KALA VENKATA RAO:—" Unfortunately the fear is prevalent in Cocanada that if anybody questions about the management of the Satyalingam Charities he will be mishandled."

MR. SPEAKER:—" That does not arise out of the question. What is the connexion between Satyalingam Charities and the murder that has not been traced."

THE HON. SRI C. RAJAGOPALACHARIAR:—" I may be permitted to say, Sir, that I am quite aware of the strong feeling, locally as well as among those who are connected with the place, of disappointment on account of the failure to detect the culprit in this case. But sometimes offences are committed in such a way and afterwards so suppressed that it becomes difficult for the authorities to detect them. It is a pity but sometimes it so happens. But as I have said already, all possible theories have been investigated and possibly the one in the hon. Member's mind is one of them."

SRI K. V. R. SWAMI:—" May I ask the Hon. the Premier whether any of the Police officers there who were unable to detect the culprits were transferred and other people appointed so that investigation might go on on different lines?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" If this suggestion is followed I have only to say that detection will not always be successful. If we transfer Police officers for one reason we may find that detection becomes more difficult on

that very account. It is sometimes necessary, even if a man is guilty, to allow him to remain in a feeling of security in order to find out the truth. But anyway, Sir, in this case two C.I.D. officers were sent from another place to this place in order to help the investigation."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—"May I know whether the murder was committed at day-time or in the darkness of the night when the murderer was alone?

THE HON. SRI C. RAJAGOPALACHARIAR:—"I cannot go into all the facts of the case now."

MR. SPEAKER:—"Whether the murder was committed in the day or at night—is it such a detailed fact?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"Yes, Sir. If we go into all these questions one by one it will take a long time. This question has nothing to do with the question of investigation. Mr. Schamnad has taken up this subject for the first time here." (Laughter.)

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—"I wanted to ask the Government whether it is possible for them to say whether the murder was committed at day-time or at night when the murderer was alone."

THE HON. SRI C. RAJAGOPALACHARIAR:—"We cannot have a rule of thumb and say that a thing done in the day can always be discovered and a thing done in the night cannot be discovered. Very often it is the reverse."

Reasons for the continuance of the Survey department.

* 1191 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) why the department of Survey is still kept on; and

(*b*) what the nature of the work done at present is?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—"(*a*) & (*b*) The Survey department consists of (1) the two survey parties, Nos. I and II; and (2) the Central Survey office. The items of work which the survey parties are called upon to do are—

(*a*) survey of Government lands;

(*b*) survey of lands under the jurisdiction of municipalities and panchayat boards;

(*c*) survey of estates; and

(*d*) any other items of special survey work which may be entrusted to the survey parties by special orders.

Besides, there are also requests from time to time for the survey of large unsurveyed waste blocks with a view to

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assignment. Further, surveys once made require constant maintenance and adjustment to changing facts of ownership. Proposals are also under consideration to transfer to the Survey department the maintenance work in the districts.

"The following items of work are done in the Central Survey office:—

(a) work connected with the survey parties;

(b) general and special work done for Government including the preparation of maps; and

(c) work done for private persons and firms, e.g., preparation of plans, food charts, etc.

"The retention of the Survey department is necessary for attending to the above items of work."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—"May I know whether the Government have not decided to abolish the Survey parties?"

SRI T. VISWANATHAM:—"I have just now enumerated the kind of work that is to be done and therefore it is necessary to retain the parties at their present strength."

Exclusion of Yanadis from the category of criminal tribes.

* 1192 *Q.*—SRI V. VENKATASUBBAYYA: Will the Hon. the Minister for Law be pleased to state—

(a) whether the question of excluding the Yanadis from the class of criminal tribes has been considered by the Government; and

(b) what the decision of the Government is in this matter?

THE HON. DR. P. SUBBARAYAN:—"(a) & (b) The Government have not given special consideration to the Yanadis in this matter. The general question is under consideration."

Committee for examining the administration of the Criminal Tribes Act.

* 1193 *Q.*—SRI V. VENKATASUBBAYYA: Will the Hon. the Minister for Law be pleased to state—

(a) whether any Committee has been appointed by this Government to go into the question of the criminal tribes in this province and the administration of the Criminal Tribes Act; and

(b) whether the Committee has made any and if so, what recommendations on the subject?

THE HON. DR. P. SUBBARAYAN:—"The answer to clause (a) of the question is in the negative and consequently clause (b) does not arise."

Production of hand-pounded rice in jails.

* 1194 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Law be pleased to state—

(*a*) whether hand-pounded rice is produced in jails; and

(*b*) whether the Government have considered the desirability of its production in jails for the use of hospitals and jails?

THE HON. DR. P. SUBBARAYAN:—" (*a*) Paddy is converted into rice by hand-pounding in the Central Jail, Trichinopoly.

" (*b*) The question of extending the process of converting paddy into rice by hand-pounding to other jails is under consideration. It is not proposed that jails should produce hand-pounded rice for the use of hospitals."

Administration of the Lady Goschen Hospital, Mangalore.

* 1195 *Q.*—SRI K. ISHWARA: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) the number of maternity cases handled in the Lady Goschen Hospital, Mangalore, in the years 1936–37 and 1937–38;

(*b*) whether there were any complaints to the District Medical Officer from the public against the Lady Goschen Hospital authorities; and

(*c*) the number of midwives in the hospital, and whether there is any midwife on duty in the Lady Goschen Hospital at Mangalore, during night-time?

THE HON. DR. T. S. S. RAJAN:—" (*a*) Four hundred and seventy cases in 1936–37 and four hundred and ninety-three cases in 1937–38.

" (*b*) The answer is in the negative.

" (*c*) Two midwives are attached to the hospital, who are regularly posted for night duty by turns."

Loan applied for by the Malabar District Board for the construction of roads in Ponnani taluk.

* 1196 *Q.*—P. K. MOHIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) whether the Malabar District Board has applied to the Government for a loan for construction of any roads in Ponnani taluk; and

(*b*) if so, whether the Government have come to any decision in the matter?

THE HON. SRI B. GOPALA REDDI:—" (a) & (b) The Malabar District Board applied for a loan of Rs. 65,000 (1) for the metalling of the Kootingal-Ala road and (2) for the formation of a road from Guruvayur to the Cochin frontier. It was found that the district board would not be in a position to finance the works from its own funds. It is proposed, therefore, to consider these works in connexion with a supplemental programme of works to be financed from the Road Fund, which is under preparation."

Resolution of the Madras Corporation regarding the system of election of its councillors.

* 1197 Q.—SRI V. M. RAMASWAMI MUDALIYAR: Will the Hon. the Minister for Local Administration be pleased to state—

(a) whether the Government have come to any conclusion on the resolution of the Madras Corporation to alter the system of annual rotation election of councillors to one of triennial election of the entire set of councillors;

(b) whether the Government propose to give early effect to the resolution even as from 1940;

(c) if so, whether the Government will consider the desirability of extending the term of the set of councillors whose term will expire on 1st November 1939; and

(d) whether early legislation on the matter is contemplated?

THE HON. SRI B. GOPALA REDDI:—" (a) to (d) The matter is under consideration."

Scheme for improving adult education.

* 1198 Q.—SRI K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state—

(a) whether any scheme is now ready for improving adult education in reference to starred question No. 96 answered on 19th August 1938; and

(b) if so, what the same is?

THE HON. SRI C. J. VARKEY:—" (a) & (b) No scheme has yet been decided upon."

SRI K. V. R. SWAMI:—" May I ask whether the Government will try to make some improvements in this matter? "

THE HON. SRI C. J. VARKEY:—" In what way, Sir? "

SRI K. V. R. SWAMI:—" I want to know, Sir, whether the Government want to spread education among the adults in this Province or whether they have given it up as a hopeless task."

THE HON. SRI C. J. VARKEY:—" Not so soon, Sir. We are doing something in that direction."

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Loans granted to agriculturists during 1938–39.

* 1199 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) how much of the Budget allotment of Rs. 50 lakhs, set apart for loans to agriculturists was spent during 1938–39;

(*b*) what the conditions governing these loans are; and

(*c*) whether a copy of the same will be placed on the table of the House?

Sri T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—"(*a*) Figures are not yet available.

"(*b*) & (*c*) The rules relating to the grant of loan for the relief of indebtedness were published at pages 1311–1317 of Part I of the *Fort St. George Gazette*, dated 13th September 1938."

Sri K. V. R. SWAMI:—"May I know from the Parliamentary Secretary whether some of the conditions imposed require to be amended and whether complaints were made in this matter?"

Sri T. VISWANATHAM:—"That cannot be accepted. There are no complaints before the Government at present."

Total capital outlay on and net revenue from irrigation works in the Province.

* 1200 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) what the total capital outlay on irrigation is for the year for which accounts are available; and

(*b*) what the net revenue of the same is?

The Hon. Mr. YAKUB HASAN:—"(*a*) & (*b*) The attention of the hon. Member is drawn to the statement of the financial results of irrigation works on pages 18 to 21 of the Finance Accounts of the Government of Madras for 1937–38 copies of which have been supplied to members of the Legislative Assembly."

Measures to prevent the ingress of saline water into the fields at Velliangode and Orumanayur.

* 1201 *Q.*—P. K. MOHIDEEN KUTTY SAHIB Bahadur: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) whether the Government are aware that, in spite of the locks at Velliangode and Orumanayur, crops are being destroyed by ingress of saline water into the fields; and

(*b*) whether the Government have done anything in the matter?

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THE HON. MR. YAKUB HASAN:—"(a) There was continuous ingress of salt water when mud dams were existing at these places. The locks have effectively prevented this, and damage to crops must be much less now. The entire tract of land between the two locks is saline and close to the canal, and the beneficial effects of the locks cannot be felt for some years, as saline matter has to be gradually washed out of the lands during rainy season and floods.

"(b) The question does not arise."

Investigation of an irrigation scheme for the Palghat taluk.

* 1202 *Q.*—P. K. MOHIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Public Works be pleased to state—

(a) whether, after his tour in the Palghat taluk, he has ordered a survey of the taluk to examine the feasibility of any irrigation scheme there; and

(b) if the answer is in the affirmative, at what stage the investigation stands now?

THE HON. MR. YAKUB HASAN:—"(a) Orders have been issued to the effect that the feasibility of irrigation schemes in the area should be examined.

"(b) The matter is being examined by the Chief Engineer and the Board of Revenue."

Repairs to the right bank of the Tambravarni river near Sendamangalam, Tiruchendur taluk.

* 1203 *Q.*—SRI A. R. A. S. DURAISWAMI NADAR: Will the Hon. the Minister for Public Works be pleased to state—

(a) whether petitions from the poor villagers of Sendamangalam, Tiruchendur taluk, Tinnevelly district, requesting immediate repairs to the right bank of the Tambravarni river near their village, have been received by the Government;

(b) whether there have been previous breaches of the bank on the spot causing huge losses to the villagers;

(c) whether the bank is now also in a breachable condition; and

(d) whether the Government propose to take immediate action for repairing the bank?

THE HON. MR. YAKUB HASAN:—"(a) The answer is in the affirmative.

"(b) & (c) The Government have no information but have called for a report.

"(d) The question will be considered on receipt of the report."

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Repairs to the Stanley Viaduct.

* 1204 *Q.*—SRI P. M. ADIKESAVALU NAICKER: Will the Hon. the Minister for Public Works be pleased to state—

(a) whether the Government are aware of the difficulties of the citizens of Madras in not repairing the Stanley Viaduct;

(b) why this viaduct was damaged so soon;

(c) whether proper supervision was made when the bridge was constructed; if so, by whom; and

(d) whether the Government propose to make the necessary grant for repairing the bridge at an early date?

THE HON. MR. YAKUB HASAN:—" *(a)* The difficulties are confined to people who take the tram-cars and have to tranship at the bridge.

" *(b)* The causes are under investigation.

" *(c)* The construction was in the hands of the South Indian Railway and Government are not in a position to say anything about the supervision.

" *(d)* It is proposed to grant a loan of Rs. 75,000 to the Corporation of Madras for the execution of the necessary works by the Public Works Department. The work will be taken up at a very early date."

SRI P. M. ADIKESAVALU NAICKER:—" May I know whether the Corporation of Madras was not allowed to supervise the work when it was constructed? "

THE HON. MR. YAKUB HASAN:—" I am not aware that the Corporation made any request for supervising the work. It was decided that the bridge should be constructed by the railway company. I do not think the Corporation asked that it should supervise the work."

SRI D. RAMALINGA REDDIYAR:—" If the bridge was constructed by the South Indian Railway Company, why should the Government give a loan of Rs. 75,000 to the Corporation of Madras for repairing the bridge? "

THE HON. MR. YAKUB HASAN:—" The question who is responsible for the damage to the bridge and who should pay the cost of repairs has not been decided yet. Till it is decided it was suggested that the Corporation should take a loan and that the bridge should be constructed by the Public Works Department."

SRI KALA VENKAT RAO:—" Was the construction of the bridge under the supervision of a Royal Engineer? "

THE HON. MR. YAKUB HASAN:—" I have no knowledge of Royal Engineers, and what is meant by Royal Engineer."

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SRI G. RANGIAH NAYUDU :—" Are the Government going to compel the Railway authorities to take necessary steps for the repair of the bridge, to co-operate with the Corporation of Madras and carry out immediately the necessary repairs to the bridge? "

THE HON. MR. YAKUB HASAN :—" As I have already said, the responsibility has not yet been fixed on any party. Till that is fixed, the Government cannot compel anybody to repair the bridge."

Removal of obstructions to the free flow of water in the Cauvery and its branches.

* 1205 *Q.*—SRI V. BHUVARAHAN : Will the Hon. the Minister for Public Works be pleased to state—

(*a*) whether it is a fact that temporary bunds (korambu) are raised in the Cauvery river up the Kattalai canal, thus taking away the little quantity of water flowing beyond the Mettur Dam by percolation and stopping further flow of water;

(*b*) whether the Government are aware that the continuance of this practice causes a great deal of water scarcity in the lower reaches of the river;

(*c*) whether the Government are aware that the water-supply of many urban areas, which are dependent upon the very little quantity that may be expected to flow in the river, is very badly affected; and

(*d*) whether the Government will be pleased to take early steps to put an end to all practices that may cause obstruction to the free flow of water from the Mettur Dam to the entire length of the river Cauvery and its branches?

THE HON. MR. YAKUB HASAN :—" (*a*) to (*d*) The Government have no information and have called for a report."

Bus accident near Vaniamkulam.

* 1206 *Q.*—P. K. MOIDEEN KUTTY SAHIB BAHADUR : Will the Hon. the Minister for Law be pleased to state—

(*a*) whether it is a fact that a serious bus accident occurred near Vaniamkulam between Shoranur and Ottapalam last month;

(*b*) if so, (i) the number of passengers at the time of the accident, (ii) the number allowed as per rules, (iii) the number of passengers who received injuries and (iv) the number of persons whose injuries proved fatal;

(*c*) the total luggage allowed by rules and the luggage the bus was carrying at the time of the accident;

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(*d*) whether it is a fact that the accident was partly the result of overloading as it was the Vaniamkulam Shandy Day and partly due to the fact that the conductor who had recently got a licence was driving at the time instead of the usual driver; and

(*e*) whether any enquiry was made and, if so, with what result?

THE HON. DR. P. SUBBARAYAN :—" (*a*) The answer is in the affirmative: the accident occurred at the end of January 1939.

" (*b*) (i) There were thirty passengers in the bus at the time of the accident.

(ii) The bus was permitted to carry 27 passengers.

(iii) Seventeen passengers received injuries.

(iv) The injuries of none of the passengers proved fatal.

" (*c*) The bus was permitted to carry 210 lb. of luggage; but the actual luggage carried is not known.

" (*d*) & (*e*) An enquiry was held and the conductor has been prosecuted. The case is pending trial."

Inspection of lorries by the police.

* 1207 *Q.*—SRI P. M. ADIKESAVALU NAICKER: Will the Hon. the Minister for Law be pleased to state—

(*a*) the total number of lorries condemned by the police in the City of Madras and outside the City;

(*b*) the object in conducting such inspection twice in a year;

(*c*) whether the Government are aware that even good lorries are also being condemned without sufficient cause; and

(*d*) whether the Government will consider the feasibility of conducting the inspection once in three years?

THE HON. DR. P. SUBBARAYAN :—" (*a*) The Government have no information.

" *(b) It is necessary in the interests of the safety of the public to ensure by periodical inspection at short intervals that lorries are maintained properly and comply with the requirements of the rules.*

" *(c) The Government are not aware, and have no reason to suppose, that lorries are being refused certificates of fitness without sufficient cause.*

" *(d) In view of the answer to (b) above, the Government are not prepared to consider this proposal.*"

SRI S. NAGAPPA :—" Will the Government call for the information regarding clause (*a*) of the question?"

THE HON. DR. P. SUBBARAYAN :—" In view of the answers given to clauses (*b*) to (*d*) of the question, it is not necessary to call for the information."

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Percentage of vaccinated population in Madras.

* 1208 *Q.*—SRI V. VENKATASUBBAYYA: Will the Hon. the Minister for Public Health be pleased to state the percentage of vaccinated population in the City of Madras during 1934 to 1938, respectively?

THE HON. DR. T. S. S. RAJAN:—" Information has been called for but has not yet been received."

Measures for giving wide publicity to the provisions of the Public Health Act.

* 1209 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) the steps the Government have taken to conduct widespread propaganda regarding the provisions of the Public Health Act; and

(*b*) whether the Government propose to contribute a series of articles on the subject in all the journals of the Province?

THE HON. DR. T. S. S. RAJAN:—" (*a*) The question is engaging the attention of the Government.

" (*b*) There is no such proposal at present before the Government."

Rural dispensaries proposed to be opened in 1939–40.

* 1210 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Public Health be pleased to state how many new rural dispensaries the Government propose to open in 1939–40, and where?

THE HON. DR. T. S. S. RAJAN:—" In view of the present financial stringency, it has not been found possible to provide funds in the Budget Estimate for 1939–40 for the payment of subsidies from Provincial funds for the opening of new rural dispensaries."

Reasons for the fall in the attendance of patients at leprosy clinics in 1937.

* 1211 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether it is a fact that the attendance of leprosy patients at clinics was very much less in 1937 than what it was in 1934; and

(*b*) if so, what the reasons are?

THE HON. DR. T. S. S. RAJAN:—" (*a*) & (*b*) Information has been called for."

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Use of hand-pounded rice in all the headquarters hospitals.

* 1212 *Q.*—Sri G. KRISHNA RAO: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether the Government have issued a general order that hand-pounded rice only should be hereafter purchased for use in all the headquarters hospitals for the use of the patients;

(*b*) what the total will be of Madras measures of rice required by all the hospitals; and

(*c*) what the extra total expenditure will be as the result of such a change?

The Hon. Dr. T. S. S. RAJAN :—" (*a*) The Government have permitted the Surgeon-General to purchase genuine hand-pounded rice during 1939–40 for use in all headquarter hospitals.

"(*b*) & (*c*) Information has been called for."

Effect of milled rice on the health of the patients in Government hospitals.

* 1213 *Q.*—Sri G. KRISHNA RAO: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) according to the experience so far felt, whether there has been any serious impairment of the health of the patients in Government hospitals by the use of milled rice; and

(*b*) what the report of the doctors was?

The Hon. Dr. T. S. S. RAJAN :—" (*a*) & (*b*) Information has been called for."

Leper Asylums in the Province.

* 1214 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) the number of Leper Asylums in the Province; and

(*b*) the nature of help given to each such asylum by the Government?

The Hon. Dr. T. S. S. RAJAN :—" (*a*) & (*b*) Information has been called for."

Lady students in the Indian Medical School.

* 1215 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) the number of lady students studying in the Indian Medical School during the current school-year;

(*b*) what fees, if any, they have to pay; and

(*c*) the value of scholarships given to them?

The Hon. Dr. T. S. S. RAJAN :—" (*a*) to (*c*) The information required has been called for."

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Loan applications received and sanctioned by the Palghat Land Mortgage Bank since its formation.

* 1216 *Q.*—P. K. MOIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) the number of loan applications received by the Palghat Land Mortgage Bank from (i) Palghat and (ii) Ponnani taluks after its formation up to date; and the amount applied for from each taluk respectively; and

(*b*) the number and amount sanctioned in each taluk?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—

(*a*)—

Taluks.	Number of applications received from date of starting till *10th April 1939*.	Amount applied for.
		RS.
(i) Palghat	22	56,650
(ii) Ponnani	34	65,900

(*b*)—

Loans sanctioned.

Taluks.	Applications sanctioned.	Amount.
		RS.
(i) Palghat	3	6,150
(ii) Ponnani	Nil.	Nil.

Enforcement of the provisions of the Indian Companies (Amendment) Act, 1938, in this Province.

* 1217 *Q.*—A. K. KADER KUTTI SAHIB BAHADUR: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether after the passing of the Indian Companies (Amendment) Act, 1938, the Government have been pleased to take any steps to enforce in this Presidency, the provisions of the Act which are intended to check the mismanagement of joint stock companies and banks;

(*b*) whether the Government have received a joint petition of the share-holders and one of the directors of the Kottayam Bank, Limited, in North Malabar, in regard to its affairs; and

(*c*) if the answer to clause (*b*) is in the affirmative, what steps the Government have taken in the matter?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (*a*) The Indian Companies (Amendment) Act, 1938, did not introduce any provisions designed to check mismanagement of joint stock companies and banks.

Accordingly the question of taking steps under the provisions of this Act to check mismanagement of companies does not arise.

" (b) The answer is in the affirmative.

" (c) No action was taken as the application did not comply with the requirements of section 138 (i) of the Indian Companies Act, 1913."

Proposal to abolish the practical test in teaching for the S.S.L.C. trained teachers.

* 1218 *Q.*—SRI V. VENKATASUBBAYYA: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether S.S.L.C trained teachers are required to complete their teachers' certificates within three years after they pass the training course;

(*b*) whether this rule makes it impossible, for those unable to find employment within the three years' limit, to complete the teacher's certificate;

(*c*) what prevents this practical test from being applied before they pass the training course;

(*d*) whether these teachers during their training course are made to take classes, as part of their training; and

(*e*) if the answer to clause (*d*) be in the affirmative, whether the Government intend to do away with the practical test in teaching altogether, as is done in the case of the B.Ed. and the L.T. Examinations?

THE HON. SRI C. J. VARKEY:—" (*a*), (*b*) & (*d*) The answer is in the affirmative.

" (*c*) & (*e*) The question of modifying the existing arrangement for completing teachers' certificates is under consideration."

UNSTARRED QUESTIONS.

Publication of the report, if any, of the Superintendent of Crafts, Madras School of Arts and Crafts, regarding his North India tour.

367 *Q.*—SRI H. SITARAMA REDDI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether the Superintendent of Crafts of the Madras School of Arts and Crafts has submitted a report of his North India tour in connexion with the study of arts and crafts; and

(*b*) if he has submitted the report, whether the Government will place the report on the table of the House?

A.—(*a*) **The answer is in the affirmative.**

(*b*) **The suggestion will be considered.**

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Reasons for the order to admit only Tamilian girl students in the Presidency Training School for Mistresses, Egmore.

368 *Q.*—SRI V. KURMAYYA: *Will the Hon. the Minister for* Education be pleased to state—

(*a*) whether the Inspectress of Schools, Madras Range, has issued a circular recently to the Superintendent, Presidency Training School for Mistresses, Egmore, instructing her not to admit students other than Tamilian girl students in the school;

(*b*) if so, what the reasons are for such a circular; and

(*c*) whether it is a fact that instruction to the students of the above institution is proposed to be given only through the medium of Tamil?

A.—(*a*) & (*b*) No such circular has been issued.

(*c*) The answer is in the negative.

Forests fit for grazing during summer.

369 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether there are areas in the forests where grazing is possible throughout the summer season; and

(*b*) if so, where these are?

A.—(*a*) The answer is in the affirmative.

(*b*) In North Coimbatore, Kollegal, North Salem, Tinnevelly and Chittoor forest divisions grazing is possible throughout the summer season. It must be borne in mind that although in the summer months grass is plentiful over limited areas in such divisions, it may not always be possible to utilize the grazing, at any rate to the fullest possible extent, on account of the lack of watering facilities which are really the limiting factors.

Extent of and the revenue derived from the fuel forests.

370 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the extent of fuel forests; and

(*b*) the revenue from them in each of the last ten years?

A.—(*a*) Ten lakhs ninety-two thousand eight hundred and forty-seven acres.

(b) The revenue from firewood and charcoal has been as follows:—

	RS.
1928–29	6,58,105
1929–30	8,24,845
1930–31	8,11,878
1931–32	6,60,111
1932–33	5,60,122
1933–34	5,30,001
1934–35	5,20,353
1935–36	4,80,423
1936–37	4,74,412
1937–38	5,08,404

Roads in forest areas.

371 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(a) the approximate cost of roads in forest areas; and

(b) the length of new roads made in each of the last five years?

A.—(a) The value of roads and bridges including culverts on 31st March 1938 was Rs. 22,20,798.

(b) The length of new roads made in each of the last five years is as follows:—

Year.	Length in miles.
1933–34	23
1934–35	37
1935–36	23
1936–37	75
1937–38	60

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

II.—THE MADRAS TOBACCO (TAXATION OF SALES AND LICENSING) BILL, 1939—*cont.*

Clause 4.

Sub-clause (1).

* THE HON. SRI C. RAJAGOPALACHARIAR:—"**With regard to clause 4, I have sent an amendment to be moved by me. Hon. Members will get copies now. We may perhaps deal with clause 3. It is a formal thing.**"

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MR. SPEAKER :—" May we not take it at the end, after all the other amendments are disposed of? That will be better. It is a *consequential amendment.*"

* THE HON. SRI C. RAJAGOPALACHARIAR :—" That is true. While copies are being circulated, I shall explain the amendment. Seeing that the slabs provided did not satisfy the hon. Members, I have put down an amendment which, I believe, will satisfy them now, in regard to the inequalities arising, to which objection was taken.

" The amendment that I move is this:

'For *sub-clause* (1) (*including the proviso*) substitute *the following*:—

" *Every retail dealer shall pay a tax in each year on his retail sales of manufactured tobacco at the rates specified below in respect of his turnover as determined in accordance with the rules made under sub-section* (3):

(*a*) *If such turnover does not exceed two hundred rupees.*	*Six rupees.*
(*b*) *If such turnover exceeds two hundred rupees but does not exceed four hundred rupees.*	*Twelve rupees.*
(*c*) *If such turnover exceeds four hundred rupees.*	*Three per cent on the first four hundred rupees of the turnover and ten per cent on the remainder of the turnover.*" '

This would avoid the doubt about the unmanufactured tobacco being liable to duty. As regards the rates, there would not be much difference if one year's turnover is a little over Rs. 400. Suppose it is Rs. 500. It would not make a big jump to 10 per cent from whatever the tax is on Rs. 400. It will always be an easier passage from below the limit prescribed to above that limit. Having prescribed this, Government do not want the power to alter the rates from time to time, because the duty will 3-
always be only gradual and not too much. There will be no need 1
for alteration. I hope in this form, this amendment will be acceptable to the House and those who have given other amendments will feel that what they have asked for has been given here. I may mention also that practically up to a thousand

rupees, the tax has been reduced a great deal more than what hon. Members have even asked for, if proper calculations are made. I hope, Sir, this amendment will be accepted."

* SRI T. T. KRISHNAMACHARIAR :—" Mr. Speaker, the amendment moved by the Hon. the Leader of the House is undoubtedly an improvement on the old clause; but I don't think it satisfies any of the well-known tests of such a tax. It has put everybody on the same basis. The first Rs. 400 of the turnover will be treated in the same way for all dealers; but does it really cover the objections raised yesterday by members to this particular clause? After all, if a person sells Rs. 400 worth of manufactured tobacco in a year, he has got to pay only 3 per cent, and if the turnover is more than Rs. 400, he has got to pay 10 per cent on the rest. Where is the equity in it? In any event he will collect the whole 10 per cent from the consumer, and without passing it on to the Government, he will pay them 3 per cent and pocket the difference. There is therefore no object in making a distinction. I am sorry to say it is entirely illogical to introduce an amendment like this now, however creditable it might be to the sentiments which prompted the Leader of the House to make this change. I do appreciate that it is intended as a concession to the small man who must be a very small dealer indeed to profit by the concession. But it operates adversely so far as the large man is concerned, and everybody who sells somewhere about Rs. 600 or Rs. 800 worth of tobacco in a year will have, if possible, to do something for restricting the sale and get somebody else to accommodate him. It will lead to small men splitting up their sales among a number of men ingeniously and, after all, it does nobody any good. In the net result, I do not think it will help the Government to introduce such an absolutely illogical scheme like this in any scheme of taxation. I cannot congratulate the Hon. the Premier, Sir, on this ingenious compromise that he has attempted by means of this amendment. I have, therefore, to lodge my technical opposition to his amendment."

ABDUL HAMEED KHAN SAHIB BAHADUR :—" Mr. Speaker, I am glad that the Hon. the Leader of the House has to a certain extent satisfied some of the members of this House who have been pleading on behalf of the smaller man; but Sir, I do not know what basis of calculation the Hon. Premier refers to when he says, 'If such turnover does not exceed Rs. 400, it is such and such amount.' There must be some calculation such as, for instance, that it will apply to a man who sells for such and such amount every day or every month or every year. If this is based on any such calculation, I can understand it. It is not stated anywhere that such calculation has been made. If the

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calculation is based on, say, Rs. 2 per day, Rs. 60 per month or Rs. 720 per year, it would have been a reasonable figure for excluding the small man from the operation of the 10 per cent tax on the turnover. I therefore request the Hon. the Premier to make Rs. 720 as the amount of turnover, above which 10 per cent need be paid, so that the man who actually sells Rs. 2 worth of tobacco every day, may come under the 3 per cent tax. I hope, Sir, the Hon. the Premier will, on that basis at least, agree to my suggestion."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, the position is this: we have to sail between two dangers. The principle of helping the very petty dealer is what is behind this proposal. But if carried to the extent to which the hon. Member who spoke last desired that it should be carried, it would only frustrate the real petty dealers from having any benefit and would create a number of rivalries and increase the number of medium-size shops, so that the 10 per cent tax man may escape and divide his business into a number of shops, each coming under the 3 per cent limit. I have indicated the danger, and that is why I submit that that proposition is not acceptable, of carrying the limit so high as Rs. 720. But, I may describe, as the hon. Member wanted, what the basis of this is; what the rough and ready basis that was used is. The man who sells 8 annas worth of tobacco a day does not sell only tobacco; the small petty dealers of manufactured bidis and cheap cigarettes and the like generally sell other things. We must remember that the turnover calculated here is only the turnover of tobacco sales; and if he sells 8 annas worth of tobacco a day, he would pay only 8 annas a month; if he sells 1 rupee worth a day, then he would pay only Re. 1 per month. But the actual sale amount need not be exactly Rs. 365; that is why it is put here as Rs. 400. On all others, who are owners of distinctly bigger shops, the tax will be nearly as much as on the big retailers, because otherwise the big retailers would move into the small retailers' business. This is the explanation for the scale that is put down here. As a matter of fact, if the hon. Member will take the trouble to calculate for instance on a thousand rupee worth of sale a year, he would find that for the first Rs. 400, it would be Rs. 12; for the other Rs. 600 it would be Rs. 60; i.e., a total of Rs. 72 for Rs. 1,000 worth of sale. And we have reduced the whole thing to about 7 per cent instead of 10 per cent, because it would include all the different stages to which the scales refer, viz., up to Rs. 400, Rs. 12 and above Rs. 400, 10 per cent, instead of the uniform 10 per cent on the whole Rs. 1,000 turnover. On the whole, Sir, the amendment I have moved would work very soundly, and I think hon. Members will accept it unanimously."

The amendment was put and carried.

Sub-clause (2).

* MR. H. S. TOWN :—" Sir, I move—

'Omit *sub-clause* (2) *of clause* 4.'

" Sir, this is the sub-clause which levies a tax of 2 per cent on the turnover of all wholesalers. Government have just been very kind to the retailer, and I hope they will be equally kind to the wholesaler also. Sir, in the next section, we have a series of licence fees for the wholesalers, and I think they are sufficiently high and that Government should be content with them. The difficulty, as I see it, of this tax of 2 per cent on the wholesaler is that if any retailer can cut out one of the links in the chain, he will be able to under-sell his competitor who is unable to cut out that link himself. Therefore, the small man who has no capital behind him is likely to suffer at the hands of the bigger man. So, the effect of this 2 per cent on each one of the four different wholesalers is damaging to the very small man; and it is the small man who is the particular care of this Government. I do feel that the Government should bring him into the limelight once again, instead of pushing him into the background. I think they should take special care of him here, and one of the ways in which they can do it is by being content with the somewhat high scale of licence fees that they propose to levy in the next section. Sir, I move."

ABDUL HAMEED KHAN SAHIB BAHADUR :—" Mr. Speaker, I support this motion moved by my hon. Friend Mr. Town. In the scheme of taxation on merchants dealing in tobacco, we find a difference made in this Bill particularly as it emerged from the Select Committee, i.e., that the dealer in manufactured tobacco alone is taxed on the basis of his turnover while the merchants who deal in other varieties of goods which are not 'manufactured,' are let off with a licence fee. This distinction is made in this Bill. I do not yet see the principle involved in this distinction between merchants who deal in manufactured tobacco and those who deal in tobacco leaf, etc. Besides, I also find that when we tax the manufactured goods, we are incidentally taxing the labour engaged in the manufacture of the article. It is not only the consumer that is taxed; there is an indirect tax on the labourers engaged in the manufacture of the article. I do not think it is right in principle to tax a labourer. As I said, it is the duty of all of us here, and mainly that of the Government to encourage such industries as employ a large number of people, but if, as we find here, we make a distinction between unmanufactured tobacco and manufactured tobacco for taxation purposes, it would be a burden on the manufacture, and incidentally we will be taxing the labourer who is employed in the manufacture of the article. It is true that the tax is on

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the big merchants who are engaged in the manufacture of the goods, but the ultimate result will be that the consumer and the labourer will both be affected. As the industry itself depends on the number of labourers employed, I am afraid it will be considerably reduced. Therefore, I think that instead of having a turnover tax in this section 4, we may substitute a licence fee as in the case of unmanufactured tobacco dealers referred to in section 5, in respect of whom we have got a series of licence fees, i.e., the 'wholesale dealer who sells or buys tobacco leaf cured or uncured or any preparation or mixture of tobacco for trade therein or for conversion into manufactured tobacco', etc. Of course, it will be stated that if, on the other hand, this tobacco is taxed on the basis of the turnover, the burden on the manufacturer on account of the tax that is levied on the manufactured article, will be increased. I am not suggesting that because the manufactured article is taxed, even the leaf should be taxed. If I suggested that, it would be an additional burden. What I suggest is: you should treat the manufactured article on the same basis as the unmanufactured tobacco. Why should you make a distinction between the two? At any rate, to my mind there is no justification for this distinction, except perhaps that the Government want to collect some revenue from this article. Otherwise there does not seem to be any other reason for making this distinction. I therefore hope the Hon. the Premier will accept the amendment." 3-45 p.m.

* M. AHMED BATCHA SAHIB BAHADUR:—"Mr. Speaker, in supporting this amendment I may draw the attention of the Government to a point which I mentioned in the course of the general discussion, namely, between the manufacturer of the Province and the manufacturer outside the Province, there is a difference of at least one tax which will operate as a serious obstacle to the manufacturer of this Province. Whereas our manufacturer pays it at one stage, the larger wholesale dealer pays it at another stage and the smaller dealer at a third stage. Therefore, we have got three stages at which the tax is paid. But, in the case of the foreign manufacturer, he manufactures it outside the Province and delivers the goods here straightaway to one single dealer, let us take it, who distributes it here. In that case, he clearly escapes one tax. That would amount to placing our manufacturer at a disadvantage when compared with the manufacturer outside the Province. In that case, we would be actually subsidizing the foreign industry into our Province; and apart from the question of discrimination, it would amount to penalizing our own people. Therefore, Sir, that is a very unsound principle.

"Sir, another point to which I would like to draw the attention of the Government is, that in the light of these questions, if

the Government may not even be disposed to drop this provision altogether, they might at least redraft it in such a manner that these inequalities might be removed.

"The other point is that this Bill proposes a tax on tobacco. If manufactured tobacco is to be taxed, the question arises whether it is the manufactured tobacco by itself, or the various other component parts of that material. For instance, in the manufacture of bidis, it is not only the tobacco that is involved, but also the leaf is involved. The question now arises whether it is justifiable, since the Bill calls itself a tax on tobacco, to tax not only the tobacco but also the leaf and whether the tax can be imposed and collected on that basis. That is the difficulty which really presents itself in respect of the trade, namely, in assessing the value of the material to be taxed, what is it that the Government will take into calculation—whether the tax is on the tobacco that is involved in the manufacture of the bidis, cheroots, etc., or is it also on the value of the tobacco, plus the leaf and the wages paid thereon? This is a difficulty which will have to be looked into.

"In addition to all this, sub-clause (2) of clause 4 gives us the interpretation that the manufacturer by himself does not appear to be called upon to pay the tax, although in the proviso such an impression might be created. The clause clearly says: 'Every wholesale dealer shall pay a tax on his wholesale sales of manufactured tobacco in each year at the rate of 2 per cent calculated on the turnover of such sales.' This clause mentions a dealer who deals in manufactured tobacco, but I fail to understand whether it also includes one who manufactures the manufactured tobacco also. If it is intended that the manufacturer also has to pay, then certainly the question of additional 2 per cent arises, as compared with the manufacturer outside our Province. But, if the manufacturer is not called upon to pay any tax for the tobacco or the other materials he manufactures, then the question of discrimination or the difference does not arise. I would therefore humbly submit to the Government that this point might be cleared up, because we are not decided one way or the other on this question. The only point that leads us to infer that the manufacturer is also liable to pay the tax is the proviso to sub-clause (2). If at all, it is by an inference that it can be deduced and not by a direct statement as it would be clear in the case of the wholesale dealer. I, therefore, think, that either this should be dropped or the clause should be redrafted in such a way as to remove the inequalities that I have been pointing out."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, Mr. Town's amendment is to delete the whole of sub-clause (2), that is to say, he does not want to have any tax on the wholesale dealer, but that he will be content with the retail point tax.

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That is the chief thing to be considered. I can only say that in dropping the monopoly scheme in the Bill, this was the only substitute for it that enabled the Government to dispense with the monopoly system. It was pointed out chiefly on behalf of the wholesale dealers that this monopoly scheme would interfere with their business and it therefore appeared to the Government that it would be fair to collect a tax on the point of the wholesale dealers also and we did not imagine that this would be objected to. But apart from the agreement or the practical agreement to which we had arrived, I submit this is a proper method of collecting the tax and it would be one way of evading evasions so to say; it would be possible to completely accept the accounts furnished by the wholesale dealers and take the 2 per cent tax and submit without any regret to any amount of evasion and escape which in the retail trade we have to go through. I am speaking fairly and frankly. It is possible that between the two, we would be able to get a correct and fair percentage of the tax that we intend collecting from the tobacco business. That is the only defence for this. I do not wish to put all my eggs in one basket, but I want to put some eggs in the wholesale basket and some eggs in the retail basket. This is the plain explanation for this; and the merchants who deal in this know very well that they will not pay, and the wholesale dealer especially is not going to pay and that it is going to be transferred down to the bottom; and therefore it is not he that pays and it is not the business that will suffer. The real thing is whether the smoker should pay. I submit be will pay and that this double arrangement of the tax between the wholesale dealer and the retail dealer is the safest thing we can have.

"As regards the doubts raised by Malang Batcha Sahib, I do not see why he should have done so. He knows very well the object of the proviso. The object of the proviso was to allow what was described in the Committee to be a practice, namely, the smaller home or cottage manufacture, so to say, the cottage rolling of bidis by which certain families were earning their livelihood out of the petty income they realize by supplying bidis to wholesale dealers. That is why this is put in. The only thing that is taxed is the sale, whether by a wholesale dealer or otherwise; it is not the small manufacturers that are referred to in the proviso. They do not come under the purview of this clause, if they purchase their bidis and go through the process of sale for the purpose of easy settlement of account with those with whom they deal; and so this proviso has to be put in. I would rather drop this proviso if hon. Members would doubt the intention of the measure. But, I submit the rules will make it quite clear and Mr. Town's amendment may be rejected and Mr. Malang Batcha's doubt is not pressed."

The amendment was put and lost.

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR :—" Mr. Speaker, I beg to move the amendment standing in my name, namely:

'*In line 3, for the word* " *two,*" substitute *the word* " *one.*" '

My object in moving this amendment is to reduce the rate on the wholesale dealer. Under the amended Bill the wholesale dealer is taxed at the rate of 2 per cent per year on his annual turnover. Sir, the other day the Hon. the Premier gave an interesting story of a man having two wives and said that if the monopoly system was dropped, and that in case the rates in respect of wholesale and retail sales should be reduced, nothing will be left and Government need not bring such measure before this House for approval. I am of opinion that 1 per cent tax on the wholesale and 2 per cent tax on the retail dealer, will be able to bring a large amount of revenue to the Government. Unfortunately, Sir, the case of the retail dealer has been already lost. I would confine myself to the wholesale dealer and in doing so, I must at once state that I do not oppose because I belong to the Opposition benches, but because I honestly feel that the rate of 2 per cent on the wholesaler is too much.

m. " Sir, I am not opposing the tax as such. I know that tobacco is a commodity which is being taxed in other countries and so it can reasonably be taxed in this Province also. Nobody can question the correctness of that view. But my objection is to the rate at which the tax is going to be levied. It is remarkable that the people who are dealing in this particular commodity are prepared to offer their own share of the cost of the administration; it is not as if they are refusing to pay any tax altogether. Their only plea is that the rate should be revised. Sir, you know that a lot of opposition is going on with regard to the General Sales Tax which is going to come before the House in a few days."

MR. SPEAKER :—" I think that is irrelevant."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR :—" But so far as the tobacco dealers are concerned, they have agreed to contribute something to the coffers of the State. Their only plea is that they should not be taxed in a manner which would prove disastrous to their business or industry. It should be quite clear to the Hon. the Premier that it is not in one stage alone that the tax operates; in fact, it has a cumulative effect. If that is the case and if the burden is to be passed on to the consumer, it will be too great a burden for the consumer to bear. The Government should realise that the consumer could be burdened only to a very limited extent. This rate, I believe, has been fixed by the Government on the assumption that the profits made by the

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dealers, both retail and wholesale, are fabulous . That is a very fantastic assumption and I wish to ask the Government whether they have gone into the matter and found out whether the profits made by these dealers justify the rates at which they are proposed to be taxed.

" There is one more point. Whereas all the other dealers in other commodities are going to be taxed by only a small percentage of about half a per cent on their annual turnover in case the other Bill is passed, in the case of this particular commodity the dealers are required to pay four times over. This is out of all proportion. I submit that there is no reason for taxing the wholesale dealer in tobacco at such an exorbitant rate. I am not suggesting that he should not be taxed; but my only suggestion is that the rate should be reasonable.

" Unfortunately, in this trade as in others, there is very keen competition and the competition arises not only inside but comes even from outside the province. The other day, when the Bill was referred to the Select Committee, I pointed out to the House how cigarettes and even bidis were coming from the Nizam's Dominions and they are competing with the local products. If such a tax were put that will necessarily increase the prices of the local products. If the prices were increased and if goods from across the frontier are to come in competition, there will be a tendency on the part of the consumer to go in for the cheaper bidis which are perhaps much better than the local product which is selling at an enhanced price. In that way, trade will be ruined. I referred at that time to the dislocation that would be caused in case the measure was passed. I pointed out that in case the wholesale dealers were hit hard, there was a likelihood of the labourers engaged in the business being thrown out of employment. So far as my place is concerned, I can express a bona fide doubt in my mind regarding the danger awaiting the poor workers engaged in the bidi industry. The manufacturers would find it very convenient to go across the Tungabhadra and set up factories in the Nizam's Dominions for instance where the tax is not in operation, with the result that there will be unemployment among the workers engaged in this industry here."

MR. SPEAKER:—" I think the hon. Member is making a dissertation about the general effects of the measure instead of confining himself to the purpose of the amendment under discussion, namely, the substitution of ' one per cent ' for ' two per cent.' I would advise the hon. Member to rivet his attention upon the point of the amendment and not be going on with a general argument."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" My suggestion to the Government is that the Government may make a beginning with 1 per cent tax on wholesalers, see how much revenue they get and in case the Government do not realize sufficient amount, it is left to their discretion to bring in an amendment raising the percentage to 2 per cent. If, on the other hand, the Government think that they might impose this 2 per cent tax upon the wholesale dealer, it is advisable on the part of the Government to consult the wholesale dealers before they proceed with this matter. So far, the wholesale dealers have up till now had no opportunity to express themselves on this point. If the members of the Select Committee agreed to the turnover tax, it cannot be taken for granted that they were voicing the views of the people outside even as regards rates."

MR. SPEAKER:—" This is a stock argument that has been made against every clause of the Bill. Is the hon. Member going to repeat that argument over and over again on every amendment? I fear it has been repeated for the fifth time. I would suggest to the hon. Member to make observations strictly relevant to the amendment."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" I submit it is relevant because it is the 2 per cent tax that is under discussion and I am expressing my own opinion that the people of the Province affected by this measure who are too poor to bear this burden have to be consulted before the rate is decided upon and my view therefore is that, it is advisable that people should be taken into confidence and consulted upon the rate of taxation. Since the Government have not done so, I plead that the Hon. the Premier may be pleased to accept my amendment."

MR. SPEAKER:—" Do you want me to adjourn the House in order to consult the people affected? "

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" If he thinks it necessary, Sir. Opinions differ, Sir, and the Hon. the Speaker may hold a different opinion."

MR. SPEAKER:—" That is an improper remark. The Chair has no views and no opinions. It is only concerned with the conduct of the deliberations of the House."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" I did not mean any insult to the Chair. What I meant was that that was my opinion and other people, both inside and outside the House, may hold opinions different from my own. My submission is that the Government before imposing the present rate should consult the interests affected. Otherwise, it will end in great hardship and injustice. Even if it means that some time will be lost by the Assembly adjourning for the purpose of consulting the

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interests affected, it is a thing over which the Government ought not to be frightened. I, therefore, move that the tax may be reduced from 2 to 1 per cent."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" In seconding the amendment, I only wish to point out the necessity for considering this amendment in the light of the rejection of the various amendments earlier in this debate. I for one would like the tax to be levied on the wholesale dealer altogether. That is one of the alternatives that I had suggested when the motion was made for the consideration of the Bill and the other is that the tax should be levied entirely at the retail stage. But now we are forced to pursue the discussion which has both the aspects of taxation, the wholesale tax and the retail tax. Therefore, let me not take up the time of the House on the adoption of one of the alternatives and let us proceed on the footing that we have both those alternatives embodied in the operative clauses of the Bill. The one reason why I wanted the position of the wholesale dealer to be defined is that one was not sure that one will not land oneself in the position of having to pay a cumulative tax. It was not the intention of the Government when they introduced this clause at the Select Committee stage that they should be subject to a cumulative tax. What they intended was a heavy rate of taxation of 10 per cent on the retailer and 2 per cent on the wholesale dealer. But now, it has been pointed out that there are several stages before the manufactured tobacco reaches the consumer. It is necessary that the Government should take that aspect of the matter into consideration.

" I shall illustrate the position. The small bunk-keeper who sells soda water and other things sells cigarettes also. It is not as if he gets the pack of cigars or the tin of cigarettes from the manufacturer direct. He gets it through some other person. It will be a practical impossibility for the manufacturer to have accounts with petty shopkeepers and there is further the question of credit-worthiness, so that there is need for a middleman. The manufacturers cannot give goods on credit to all and sundry. I shall assert that there is at least one person between the retailer and the manufacturer—I shall not say there will be two or three. So that it is quite clear that more than one stage can be contemplated; and the result is that we get a tax ultimately of 4 per cent. I strongly plead that the ultimate return from the wholesale dealer should not be more than what was intended. The intention of the Select Committee, as far as I could see, was 2 per cent only. Therefore, the 1 per cent that is suggested will practically come to the same; that is 1 per cent twice over, or in other words, 2 per cent. I am not asking for any drastic reductions for we have lost even amendments asking for a tax of 6¼

and 5 per cent. I strongly feel that the plea for reducing this to 1 per cent is very modest and I do not think it will result in any reduction in revenue. It will on the other hand obviate undue harshness and undue hardship which the framers of the Bill during the Select Committee stage did not intend. As far as I could see, it is only putting the position correctly and according to the intentions of the Committee.

4-15 p.m. "Sir, I think, the Hon. Premier is in a good mood this afternoon, for I found before I came here that in view of similar objections regarding improper drafting last evening which we made he has totally amended the whole section and has reduced the maxima and minima; for he has reduced the rate to 3 per cent on the first four hundred rupees of the turnover when the turnover exceeds Rs. 400. That means even the person who purchases a tin of Player's cigar from a retail seller will have the benefit of this concession. I hope in the same view the Hon. Premier will look at the amendment of Mr. Abdur Rahman Khan and see that it is a very reasonable one from the point of view of the businessman and the Government alike. The House should also take into consideration this fact also, namely, that we should not unduly disturb the condition of trade when we ask traders to bear a certain portion of the tax. I feel this is a very modest proposal for the consideration of the Government."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Mr. Speaker, when the amendment of Mr. Town was considered we thought the Hon. Premier would agree to drop taxing the wholesale dealer, including the manufacturer as well. Of course, I know the Hon. Premier has in view primarily the amount of tax that should be collected from this source of income to the State, and knowing as we do that he has this idea in mind, one can understand him when he does not agree totally to give up the tax. As a businessman himself, he knows well how this tax will work. He is a very good businessman so far as legislation is concerned, and a proof of that he has given in the amendment he has made so far as the retail dealer is concerned. Now, he may come forward and say, 'having already shown some concession so far in the rate of tax in regard to the retail dealer, there is no justification for asking for a reduction in regard to the wholesale dealer.' But I think the Hon. Premier will see that there are signs that this particular tax is going to be cumulative in its incidence. For in most of the trade in this commodity, either cigarette or bidi, there are several wholesale intermediate dealers between the manufacturer and the retail dealer, so that the result is that ultimately the tax will come to 2 per cent on the wholesaler of this commodity at every stage; in some cases all told it may come to 6 per cent and in other

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cases it will come to 8 per cent. In order to reduce this cumulative tax on a particular commodity at various stages we can reduce the incidence by 50 per cent. The Hon. Premier has done so in the case of the retail dealer, and I am sure he will also agree to reduce the rate on wholesale trade by half. It must be remembered that we have not yet distinguished this particular commodity from other commodities of sale, and we are also considering the General Sales Tax Bill on the basis of half a per cent tax on the turnover, where we have not made any distinction of one commodity from another. So there seems to be no justification why this particular commodity should be taxed higher than other commodities. In some cases of finished manufactured articles which are exported from this Province a small concession has to be given. I do not think we have any idea of classifying this commodity with intoxicating drinks like liquor and other alcoholic drinks. So I don't think any justification for levying such a high rate of tax as 2 per cent has been made out. Of course, the Hon. Premier on a previous motion told us frankly 'my object is to collect tax.' If he wants to get it, he should also be reasonable, and he will certainly be reasonable enough to see that the incidence is so high that it will be very hard for wholesale dealers to pay 2 per cent. I wish and hope the Hon. Premier will agree to this sort of compromise proposal between altogether abolishing the tax on the wholesale dealer on the one hand and levying a high rate of tax of 2 per cent on the other hand. The Hon. Premier is always amenable to any compromise proposal, and I am sure even in this matter he will accept this proposal to reduce the tax from 2 per cent to 1 per cent."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I am sorry, Sir, it is not possible to accept the proposal for reducing this percentage. It is not a question of bargain at all. Those who are in the business thoroughly understand it and have no difficulties about it, namely, that this 2 per cent is not a tax upon them. So making appeals on their behalf is not relevant. It is a tax on the commodity and the question is whether this special commodity should be subject to this special tax, which I admit is a heavy tax. As I said yesterday, it may come as a special and heavy tax on all. It is not pretended it is a light tax. It is only divided into two parts. It is not at all a tax on the income of the wholesale dealer or anything like it; and the business people also do not understand it like that. At the time when we gave up monopoly and put in this clause, it was put in, in the belief that it will not be subject to this kind of bargaining. That is why, I submit—I need not be long about it—it is not possible to accept this amendment."

The amendment was put and lost.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" It is only a verbal amendment that is proposed in order to bring out the meaning clearly. Sir, I move—

' For *the words "shall pay a tax on his wholesale sales of manufactured tobacco in each year at the rate of two per cent calculated on the turnover of such sales,"* substitute *the words*:

" *shall pay a tax in each year on his wholesale sales of manufactured tobacco at the rate of two per cent calculated on his turnover as determined in accordance with the rules made under sub-section* (3)." '

" This would enable the method of assessment to be done in accordance with the intentions of the provisions of the Bill that we have passed through."

The amendment was put and carried.

Sub-clause (3).

* THE HON. SRI C. RAJAGOPALACHARIAR :—" This is also a mere verbal alteration to make the meaning more clear. Sir, I move—

' For *the words " shall be assessed "* substitute *the words " shall be determined, assessed " and*

' for *the word " prescribed "* substitute the *word " made ".'* "

The amendment was put and carried.

Clause 4 as amended was put and carried.

Clause 5.

Sub-clause (1).

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I have given notice this morning of an amendment in order to make it quite clear that the retail dealer's licence shall be free as he is subject to the turnover tax. And this will be brought out if we insert the following words in the beginning of clause 5 (1). Therefore I move, Sir—

' Insert *the following sentence at the beginning*:—

" *No fee shall be levied for the grant of a retail dealer's licence.*" ' "

The amendment was put and carried.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, in item (i) to bring out the meaning clearly, I beg to move the following amendment:—

' *After the words " any preparation or mixture of tobacco "* insert *the words and brackets " (not being manufactured tobacco) ".'* "

The amendment was put and carried.

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* H. S. HUSSAIN SAHIB BAHADUR :—" Mr. Speaker, I beg to move—

> '*In item* (*i*) *of sub-clause* (1) for *the words* " *one hundred* " substitute *the word* " *fifty* " ; *and in item* (*ii*) *of the same sub-clause*, for *the word* " *fifty* " substitute *the words* " *twenty-five* ".'

I think these two amendments may be taken together."

MR. SPEAKER :—" Yes; with regard to the other amendments we will see later."

* H. S. HUSSAIN SAHIB BAHADUR :—" Now, Sir, in the case of the retail dealer the Hon. Premier has been kind enough, and I may also say just enough, to reduce the rate of tax.

" When we turn to the wholesale dealer in clause 5 in respect of licence fees, we find that he is called upon to pay a heavy fee of Rs. 100. What item (i) says is this: ' Any wholesale dealer who sells or buys tobacco leaf cured or uncured or any preparation or mixture of tobacco for trade therein or for, etc. . . . shall pay Rs. 100.' This huge figure itself is really frightening, because the tobacco dealers are already, I must say, frightened out of their wits, on account of the proposed taxation. When such big figures as Rs. 100 are mentioned in the proposed taxation measure naturally it will hurt all the dealers. Sir, Rs. 100 is not a small amount in these hard days. To get this Rs. 100 in these days of economic depression even people who are well off find it so difficult. Considering the present economic depression and also, I may say so far as India is concerned, the infant stage at which the tobacco industry is, we should at the outset try to levy a moderate fee for granting licences. Sir, similarly in item (ii) of the same sub-clause, I propose that the licence fee should be reduced to Rs. 25 and for similar reasons." 4— p.

MR. SPEAKER :—" The amendments to items (iii) and (iv) also may be moved."

* H. S. HUSSAIN SAHIB BAHADUR :—" Yes, Sir. I move that—

> '*In item* (*iii*) (*a*) *and* (*b*) *of sub-clause* (1) for *the words* " *One hundred* " *and* " *Fifty* " *respectively*, substitute *the words* " *Fifty* " *and* " *Twenty-five* " *respectively; and in item* (*iv*) *of sub-clause* (1) *for the word* " *Fifty* " substitute *the words* " *Twenty-five* ".'

" Sir, we know that the tobacco industry is just making headway and is, I must say, competing with foreign manufactured tobacco. As such, it is the duty of the Government, especially of a popular Government like this to give all encouragement to such industries and such indigenous industries. Sir, no doubt the Government are faced with financial loss on account of

Prohibition; but Sir, whatever might be the loss that the Government are going to incur on account of Prohibition, we must see that this industry is strengthened and should not levy such heavy licence fees as Rs. 100 and Rs. 50 but must, as far as possible, try to mitigate the evil in the case of such industries. Therefore, I strongly commend for the acceptance of this House the amendments that I now place before it."

The amendments were duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I must say, Sir, but I may be wrong, that Mr. Hussain Sahib perhaps misunderstands the allocation of this fees. The first item deals with wholesale dealers who are not subject to the turnover tax at all, because it deals only with people who do not deal in manufactured tobacco. So far as items (ii) and (iii) go, they deal with cases mostly where the Factories Act applies to the manufacturer and I would like to draw his attention to this fact that where any one pays a wholesale turnover tax, he will come within the proviso by which he will get all these licences for much less than the amounts we have proposed, viz., Rs. 10. I do not think the fees prescribed here work hardship on any one who deserves consideration, which I can see Mr. Hussain is entitled to give to the class of people about whom he is speaking. This does not apply to them. These rates have been fixed, I submit, correctly and properly and I do not think the amendments proposed could be acceptable at all. I hope my explanation will satisfy him."

* H. S. HUSSAIN SAHIB BAHADUR:—" In view of the explanation given by the Hon. the Premier, I withdraw my amendments, Sir."

The amendments were by leave withdrawn.

Sub-clause (1)—Proviso.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I move—

' For *the proviso* substitute *the following*:—

" *Provided that any wholesale dealer or manufacturer being a wholesale dealer, who pays a turnover tax under sub-section* (2) *of section* 4 *shall for each licence granted to him under items* (*i*), (*ii*), (*iii*) (*a*) *or* (*iii*) (*b*) above *be charged an annual fee of ten rupees instead of the fee specified in that item.*" ' "

The amendment was put and carried.

K. Abdur Rahman Khan Sahib Bahadur rose to move the amendment that in line 3 of the Proviso, for the word ' ten ' the word ' two ' be substituted.

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MR. SPEAKER :—" Once the House has carried the amendment providing for a fee of Rs. 10, the amendment for providing Rs. 2 cannot be carried. The House has decided on Rs. 10."

K. ABDUR RAHMAN KHAN SAHIB BAHADUR :—" Then I do not move my amendment."

Clause 5 as amended was put and carried.

Clause 6.

*MR. H. S. TOWN :—" Sir, I move—

' *At the end of clause* 6 *of the Bill* add *the following* :—

" *Explanation.—A person employed by a licensed wholesale dealer as a travelling salesman or representative may have in his possession, without a separate licence, tobacco entrusted to him by such dealer for wholesale sale.*" '

" Sir, since I put in this amendment, I see the position under the Bill is worse than I thought it was. Now if we turn to the Bill, we see that no person can possess a quantity of tobacco above that prescribed by the Provincial Government. Suppose the Government put this at less than a case of tobacco, this means that no cooly will be allowed to carry a case of tobacco unless he has got a licence. No employee whether wholesale or retail can handle above the minimum put in that licence although he is merely doing it as a servant of the other person who has got a licence. I do not think this is the intention of the Government. If Government think that it is not possible for them to put this explanation into the Bill, I ask that I should at least be given an assurance by the Government that it is not their intention that every travelling salesman should pay a fee for licence merely to handle tobacco which is not his own property. I should be content with this and I shall not press my amendment."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Mr. Town is perfectly right in assuming that it is not the intention of Government to make manufacture, trade and business impossible by interpreting the provision in the manner he does. The exclusion of private possession of a certain quantity is applicable to such cases. I can give him the assurance straightaway. For that very reason we have in the Committee amended the rule-making power to include regulations for the purpose of custody and transport. This section is however necessary—I must explain—because, we cannot carry out the licensing provisions of this Bill without some provision to prohibit the possession beyond a certain amount without licence and that is the reason and the only reason why this clause 6 is provided for. It is not intended to apply it to persons

lawfully employed in the trade or in business or in the manufacture and every care will be taken to see that it will not be misapplied.

"I want to move this amendment to clause 6, Sir. I would like to add at the end of the clause, after the word 'prescribe,' the words 'in respect of all or any of the varieties thereof' in order to make it clear, because the quantity may vary with reference to particular varieties of tobacco.

"I formally move the amendment, namely—

'*At the end of the clause after the word "prescribe" add the following:—*

"in respect of all or any of the varieties thereof."'"

In view of the Hon. the Premier's amendment, the amendment of Mr. Town was, by leave, withdrawn.

The Hon. the Premier's amendment was put and carried.

Clause 6 as amended was put and carried.

1-45 p.m. Clause 7 was put and carried.

Clause 8 was put and carried.

Clause 9.

* H. S. HUSSAIN SAHIB BAHADUR:—"Sir, I beg to move—

'*After the word "licence" in line 3 omit all the words.*'

Clause 9 as it stands runs thus:—

"Every licensee shall, if so required, execute a counterpart agreement in conformity with the tenor of his licence, and give such security for the performance of his agreement as the Collector may require."'

"My amendment seeks to omit all the words beginning with the word 'and' and ending with the word 'require,' that is to say that part of the clause referring to the giving of security.

"No doubt, the Collector is given discretion in the matter to take such security as he may require. But when you find in the Bill so many safeguards and so much power given to the licensing authority for the due collection of the tax and the licence fee due from the tobacco dealers, I do not think that it is necessary to take further security from these tobacco dealers and harass them.

"Sir, it is also provided that any arrear of tax or licence fee should be recovered as if it were an arrear of land revenue. There is no security furnished for payment of the arrears of land revenue. Of course the land is attached and brought to sale. Similarly any goods or property of the licensee, the tax-payer, himself can be attached and brought to sale. Why should he go about in search

of a surety for him? That is an extra hardship which this Bill seeks to impose on him. Therefore I move that this amendment may be accepted."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I would ask the hon. Member to accept an assurance that there will be no occasion for this provision to be enforced. There is no cause whatsoever. It is merely a clause which is generally found in all such revenue laws. It is wholely unlikely that there will be any occasion for this as the Bill now stands."

* H. S. HUSSAIN SAHIB BAHADUR:—"In the light of the assurance given by the Hon. the Premier and as he says that it is a general clause found in all such measures, I beg to withdraw my amendment."

The amendment was, by leave, withdrawn.

Clause 9 was put and carried.

Clause 10.

Sub-clause (1).

* S. K. SHAIK ROWTHER SAHIB BAHADUR:—"The merchants by oversight, may fail to submit their monthly returns and the Collector may immediately issue an order suspending the licence. This is a hardship on the merchants. It is only after giving notice that the licence should be suspended. I therefore beg to move—

'*In line* 1 *after the word* "*may*" insert *the words* "*after giving notice*".'"

SRI DIWAN BAHADUR A. APPADURAI PILLAI:—"I second it."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I wish to assure the hon. Member that it is not intended at all, nor can the law give such a power even as the Bill stands at present, to cancel or suspend a licence without giving notice. But the introductory words 'after giving notice' would perhaps make the position worse. It would show that all that is wanted is giving notice. But as it stands it would mean more than that. Because, according to the ordinary rules a man will have to be heard before any injury is done to him. But if we specifically mention 'after giving notice', it may be interpreted to mean that notice alone is wanted. I do not think the hon. Member ought to press for this."

The amendment was, by leave, withdrawn.

* SRI DIWAN BAHADUR A. APPADURAI PILLAI:—"Mr. Speaker, I beg to move the amendment standing in my name, viz.—

'*In clause* 10 (1) (*d*) omit *words* "*or any other Revenue or Penal Law.*"'

"My point is this: one can understand that any infringement of the provisions of this Act which results in a conviction ought to affect the licence of a retail or a wholesale dealer. But any infringement or any conviction obtained under any other Revenue or Penal Law is beyond the scope of the present Bill. The present Bill aims at collecting revenue from tobacco manufacturers. This *provision that any conviction secured* under any Revenue or Penal Law should involve the cancellation of a licence seems to be really beyond the scope of the Bill. Conviction by itself throws a great deal of difficulty in the way of dealers. It involves loss of prestige and status in the merchant class. That in itself should be a sufficient deterrent, and cancellation of the licence will further prevent a dealer from continuing his business. That seems to be sufficient punishment. To provide that the conviction of a dealer under *any other Revenue or Penal Law should involve* the cancellation of his licence seems to be too hard unless it be that such conviction involves moral delinquency. You will be pleased to remember that in the case of candidates for election to local boards and municipalities they are not prevented from standing as candidates except in cases of punishment with transportation for life or for more than six months. Besides, if there is no question of moral *delinquency on the part of the* person concerned, he is not debarred from standing as a candidate for election. The essence of the matter is thus the nature of the offence for which one is convicted, and whether it involves moral delinquency or not. If it does not involve any moral delinquency there is no reason whatsoever to debar or condemn a man for all time. An infringement of the provisions of the Tobacco Act will involve loss of revenue. To that extent the dealer's licence is cancelled. There it should stand instead of trying to punish the man under any other Revenue or Penal Law. My submission is that it goes beyond the scope of the Bill and my objection will be met by the deletion of the words 'or any other Revenue or Penal Law' in clause 10 (1) (*d*)."

SRI B. BHAKTAVATSALU NAYUDU:—"I second it."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I submit *that this is also an* unnecessary apprehension. The Collector may cancel or suspend any licence. It should not be expected that this discretion would be exercised in order to simply penalize people unjustly. There are other ways in which he could penalize them if he desires, than by taking off the licence for tobacco only. But the power is necessary for this reason. The whole administration of the Act depends upon the proper submission of returns, of true and correct accounts. A conviction under this Act can be had *only* if a false account or entry is made or things like that. I do not think the hon. Member has contested the position that the Collector may cancel or suspend any licence if the holder of such licence is convicted of any offence under this Act. Then the other

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question is, 'What about other Laws?'. Conviction under a Penal Law certainly carries more moral turpitude in most cases than a conviction under this Act, and the objection cannot be to the phrase ', or other Revenue or Penal Law'. It is only where the moral turpitude attaching to false accounts and false returns is concerned that any application of this section will arise. I therefore think that it would be unnecessary to limit this power only to offences under this Act. If a man for instance sends false reports under the General Sales Tax Act and is found to have committed a serious offence in the submission of facts with reference to the general sales, it would be quite improper to hold that it should be only in respect of a tobacco return. I submit that this will apply generally and it is therefore that it is there. It is the broad basis that is behind it, viz., that it won't be arbitrarily applied but may be taken to apply only when the authorities feel that something serious has happened. That is all."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI:—"Mr. Speaker, before withdrawing the amendment, in view of the 5 p.
explanation given by the Hon. the Premier, with your permission I would like to suggest that the wording adopted in the Prohibition Act in a similar connexion could be adopted here. In the Prohibition Act it is said: 'if the holder is convicted of any offence under this Act or of any cognizable or non-bailable offence.' One can understand that, in such cases, moral turpitude is involved, but to broad-base it as 'any other Revenue or Penal Law' is certainly unnecessary. By doing so you would be placing an engine of oppression in the hands of the officers who are entrusted with the administration of this Act."

MR. SPEAKER:—"Should not the Tobacco Act be more rigorous than the Prohibition Act?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"The permit given under the Prohibition Act is a permit for personal consumption of liquor and so on. In this case where we are interfering with private life, this power is limited to either the provisions of the Act or to serious moral offence. This is a revenue licence only. As I am the draftsman of both the Acts, it is my duty to reconcile the two. Under the old Abkari Act there is a provision which corresponds to something like the power under considerations now."

MR. SPEAKER:—"Were those words from the Abkari Act put in here as the Government intended to have the monopoly system?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"It is not on account of that only, Sir. As a large number of persons are coming under the licence provisions, they will have to submit true returns every year. It would be impossible to get every item

examined and investigated. The gentlemen concerned must feel the sanction and they must feel that they must send the correct returns. Their licence will otherwise be cancelled. Therefore, this power is necessary to do so without investigation in every particular case.

"Under the Abkari Act we have renters and the monopoly system. Let me take any revenue licence Act. The hon. Member referred to the Prohibition Act. Under that Act the position is different; the Abkari Act is more parallel to this. The provision there is: '*If the holder thereof is convicted of any offence against* this Act or any other law for the time being in force relating to abkari revenue or of any cognizable or non-bailable offence or for any offence under the Merchandise Marks Act.' I can no doubt satisfy my hon. Friend by making a long list after the words 'Penal Law.' It would be really unnecessary if he would accept the assurance of the Government that this power would not be used in such a manner as to deprive the Government of the revenue which they would be getting and that it will not be used except where a man has been guilty of serious misdemeanour or dishonesty and things of that kind. We cannot find a definition and would have to give there the numerous sections of the Penal Code."

MR. SPEAKER:—"Mr. Appadurai Pillai says that conviction under any Penal Law means that it will be actual harassment. Conviction for any offence under the Penal Law is too broad a thing for an Act of this kind."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"What he suggests is the inclusion of cognizable and non-bailable offences. Those offences may be there, but besides them, there are many petty offences which are really cognizable and non-bailable, and which have no connexion whatsoever with this kind of thing. It is not a good test. It only excludes some offences, but it works both ways."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI:—"But we have accepted that in the other Act."

MR. SPEAKER:—"'Conviction under the Penal Law' is not there."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"The words 'any other Revenue Acts' must be there. Mr. Appadurai Pillai's amendment must then be like this: 'or any other Revenue Law or of any cognizable and non-bailable offence under the Penal Code.'"

MR. SPEAKER:—"The amendment is that in clause 10 (1) (d) the words 'other Revenue or Penal Law' be omitted."

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* THE HON. SRI C. RAJAGOPALACHARIAR:—" The amendment may better be like this, Sir:

' For *the words* "*any other Revenue or Penal Law*" substitute *the words* "*any other Revenue Law or of any cognizable and non-bailable offence under the Indian Penal Code.*" ' "

SRI DIWAN BAHADUR A. APPADURAI PILLAI:—" I accept the suggestion."

The amendment as amended by the Hon. Premier was put and carried.

* H. S. HUSSAIN SAHIB BAHADUR:—" I move—

' *In paragraph* (e) *of sub-clause* (1), omit *the words* "*at will*" *and* substitute *the words* "*for any other reason*" *in their place.*'

" With regard to this amendment of mine, my submission is that by paragraph (e) a despotic power is sought to be given to the licensing authority. If he is allowed to cancel or suspend a licence at will, it will really mean giving him despotic power to do what he likes. In the previous sub-clauses (a) to (d) sufficient grounds and reasons are given; if there are any other reasons, discretion may be given to the licensing authority to cancel or suspend the licence."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I accept the amendment."

* H. S. HUSSAIN SAHIB BAHADUR:—" I thank the Hon. the Premier, Sir."

The amendment was put and carried.

Clause 10 as amended was then put and carried.

Clause 11.

* H. S. HUSSAIN SAHIB BAHADUR:—" Sir, I move—

' Transpose *the words* " *and all amounts due to the Provincial Government by a licensee* " *in lines* 4–5 *to line* 2 *between the words* " *Government* " *and* " *under.*" '

" Sir, if my amendment is adopted, the clause will read as follows:—

' *All taxes, fees, fines and other sums payable to the Provincial Government and all amounts due to the Provincial Government by a licensee under any of the provisions of this Act or of any licence. . . .*'

" It is not clear what is exactly intended by the words ' all amounts due to the Provincial Government by a licensee.' There may be other amounts due to the Government. Is it intended to

cover those other amounts due by a tobacco licensee? To make th meaning clear I have suggested this amendment. I request tha this may be accepted."

A. K. KHADER KUTTI SAHIB BAHADUR:—"I second it."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, would have those words omitted. If they are transposed, as suggested, they will have no meaning at all. Those words have beer put in there only for abundant caution."

H. S. HUSSAIN SAHIB BAHADUR:—"They may then b deleted, Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"All right."

MR. SPEAKER:—"The question is—

'*In lines* 4–5, omit *the words* "*and all amounts due to the Provincial Government by a licensee,*" '."

The amendment was put and carried.

Clause 11 as amended was put and carried.

Clause 12.

5-15 p.m. * SRI DIWAN BAHADUR A. APPADURAI PILLAI:—"Mr. Speaker, I would just like to make a submission to the Hon. Premier and it is likely that he would accept my amendment. I do *not insist upon the omission of sub-clauses* (2) *and* (3). *The* amendment which I move reads thus:—

' Insert *the following as sub-clause* (4):—

" (4) *Any officer empowered by the Provincial Government in this behalf, may for the purposes of this Act, require any dealer carrying on business in tobacco to produce before him the accounts and other documents and to furnish any other information relating to such business.*" '

Sir, a similar provision has been made in the Bill relating to the General Sales Tax which is before the Select Committee and which is intended to safeguard the traders from any unnecessary harassing by the Revenue Officers."

MR. SPEAKER:—"You withdraw the first part of the amendment given notice of and move only the insertion of sub-clause (4)?"

* SRI DIWAN BAHADUR A. APPADURAI PILLAI:—"Yes, it is only to safeguard the interests of bona fide traders in tobacco that I want the insertion of that sub-clause alone."

H. S. HUSSAIN SAHIB BAHADUR:—"I second it."

* THE HON. SRI. C. RAJAGOPALACHARIAR :—" I accept the amendment. A similar thing has been done in the Sales Tax Bill."

The amendment was put and carried.

Clause 12 as amended was put and carried.

Clauses 13, 14, 15, 16, 17, 18, 19, 20, 21 and 22 were put and carried.

Clause 23.

* SRI DIWAN BAHADUR A. APPADURAI PILLAI :—" The amendment that stands in my name runs as follows :—

> '*In line* 1 for " *anything* " substitute *the following* :—
>
> " *any article connected or believed to be connected with any offence against this Act* ".'

Sir, the word 'anything' seems to be rather loose. Therefore I move this amendment."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR :—" I second it."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Would the word 'article' include books also and would it include accounts? If we are to say 'article' we would have to put down along with it 'paper,' 'book,' etc."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI :—" The word 'article' has been used in clause 32 (*d*). Therefore if we use the word 'article' in this clause also it will be in consonance with that."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I doubt if the word article would include documents also."

The amendment was, by leave, withdrawn.

Clause 23 was put and carried.

Clause 24.

Sub-clause (*e*).

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I beg to move the amendment that stands in my name which is as follows :—

> 'For *the words* " *any rule or order* " substitute *the words* " *any rule, notification or order* ", *and* for *the words* " *made or granted thereunder* ", substitute *the words* " *made, issued or granted thereunder* ".'

It is just to cover any notification that may be issued under this Act that this amendment is proposed. So the word 'notification' which is a noun and the word 'issued' which is a verb have been inserted."

The amendment was put and carried.

* SRI DIWAN BAHADUR A. APPADURAI PILLAI:—"I beg to move the amendment that stands in my name—

'*In lines 2 and 4 of the concluding paragraph* substitute "*Rs.* 500" *and* "*Rs.* 25" for "*Rs.* 1,000" *and* "*Rs.* 50".'

My reason for this amendment is that the fine contemplated under this clause is rather heavy, considering the fact that the clause deals not only with the wholesale dealers and retail dealers but all classes of people. The clause refers to 'Any person who in contravention of this Act or of any rule or order made thereunder or of any terms or conditions of a licence, sells, exposes for sale, or keeps, any tobacco or carries on business as a wholesale dealer, manufacturer, broker or commission agent.' So the clause as it stands will not only include the wholesale seller and the retail seller, but the broker, the commission agent, the high and low—and all these people are included. So a fine of Rs. 1,000 and a fine of Rs. 50 for continuing the breach seem to be very heavy. I therefore propose that the fine may be reduced from Rs. 1,000 to Rs. 500 and Rs. 50 to Rs. 25."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I second the amendment."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I am sure the hon. Member who has moved this amendment does not believe that in every case that would be the amount of fine. But it has been provided for in the Bill simply because in certain exceptional cases such heavy fines may have to be imposed. But there is no punishment of imprisonment, whatever be the kind of fraud. Even big amounts are involved in the revenue collection that is proposed under the Bill and if a man fraudulently has done his business and it is discovered that he has been doing so, and has been making a fairly large amount of profit by doing his business in this fraudulent manner, then he can very well pay off these amounts, viz., Rs. 1,000 for a breach of the provisions, and Rs. 50 for the continuance of the breach. I do not think that a fine of Rs. 1,000 is a very bad maximum for a very bad offence. I do not think these things need cause any alarm in the minds of anybody. After all, the Magistrate must have to use his discretion in evaluating the offence and the maximum of Rs. 1,000 is not too much without imprisonment and Rs. 50 for the continuance of the breach is not too much without imprisonment."

The amendment was, by leave, withdrawn.

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I beg to move—

'Add *the following sentences at the end of clause* 24:—

"*Such person shall also be liable to pay any tax or fee which he would have had to pay if he had conformed to*

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the provisions of this Act. The amount of such tax or fee or both, as the case may be, shall be determined by the Magistrate and shall be recoverable as if it were a fine." '

Sir, this amendment is necessary, because where a large amount of revenue is involved, it would not be enough merely to collect the fine. It may be a petty amount when compared with the amount which he would have had to pay if he had conformed to the provisions of this Act. If the amount becomes payable, it is a different thing to collect it where the liability to pay arises out of conforming to the provisions of the Act, and not conforming to the provisions of the Act is really an offence in the trial. And so, it is necessary that such a person who commits such an offence does not escape his liability. Hence the necessity for this provision."

The amendment was put and carried.

As Dr. Samuel was not in his place, his amendment was deemed to have been withdrawn.

Clause 24, as amended, was put and carried. 5-
p.m

Clause 25 was put and carried.

Clause 26.

* H. S. HUSSAIN SAHIB BAHADUR:—" Sir, I beg to move the following amendment:—

' Omit *all the words between the word " contained " in line* 4 *and the word " shall " in line* 6.'

"The clause as it stands reads thus:

'Whenever an offence against this Act has been committed all tobacco in respect of which such offence has been committed and every box, receptacle, package, or covering in which such tobacco is contained and all other contents of such box, receptacle, package or covering, shall be liable to confiscation.'

It is not quite clear what is meant by ' all other contents ' and that is why I have moved this amendment. It may be that the tobacco may be found in a box of jewels worth thousands of rupees. Is it the intention of this clause that all those jewels also should be confiscated along with the contraband tobacco? So I say, Sir, that the other contents of the box except the tobacco should not be liable to confiscation. Therefore I move this amendment to delete the words ' and all other contents of such box, receptacle, package or covering.' "

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I must inform the hon. Member that this was considered particularly in the Select Committee and what I said there I shall repeat here.

The articles which are smuggled are generally mixed up with other articles and it is not possible to discover every case of smuggling. The fear that if the contraband article is mixed up with other articles, those other articles also will be in danger of confiscation will act as a check and that is the reason why such a provision is found in all similar Acts. A provision like that is necessary in this Act. It will also prevent unnecessary opening and inspection of bundles and so on. Suppose for instance, the thing is concealed in a cloth bundle. One cannot expect every cloth bundle to be examined for the purpose of finding out whether the thing is smuggled there. But the fear that if the thing is smuggled in the cloth bundle the whole thing will be in danger if once in a way it is discovered acts as a check. Therefore this provision will not hurt anybody but will greatly assist the working of the Act."

* H. S. HUSSAIN SAHIB BAHADUR :—" If the intention is to have this provision so that it may serve as a check or deterrent and not put it into actual execution, I beg leave of the House to withdraw the amendment."

The amendment was, by leave, withdrawn.

Clauses 26 and 27 were put and carried.

Clause 28.

Sub-clause (1) (*a*) (i).

* THE HON. SRI C. RAJAGOPALACHARIAR :—" In item (i) of sub-clause (1) (*a*), I beg to move—

> ' For *the words* " *sum so payable* " substitute *the words* " *sum recoverable from him* ".'

" This again is merely to provide for cases of evasions. The ' sum recoverable from him ' may not be the same as the ' sum payable.' This is only a legal and verbal alteration."

The amendment was put and carried.

Sub-clause (1) (*b*).

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I beg to move—

> ' For *the words* " *payable under this Act* " substitute *the words* " *recoverable under this Act.*" '."

The amendment was put and carried.

Clause 28 as amended was put and carried.

Clause 29.

Sub-clause (1).

* SRI, DIWAN BAHADUR A. APPADURAI PILLAI :—" Mr. Speaker, I beg to move the following amendment :—

' Omit *sub-clause* (1) (ii).'

My reason is this. We have an army of officers to go about and detect cases of infringement against the Tobacco Law. For instance, sub-clause (1) (i) refers to the ' complaint or report of a Collector, or a Tobacco officer, or of an Excise, Prohibition or Police officer.' To this list I deem it unnecessary to add a Magistrate. The magistrate should be set apart as a judicial officer who is in a position to sift evidence placed before him and come to a decision. I do not think it is necessary to impose the task of prosecuting offenders on the magistrate himself. That will be an inconvenient position for any magistrate to fill. The Bill should not authorize a magistrate to act upon his own knowledge or suspicion."

MR. SPEAKER :—" Suppose the offence is committed in his presence? "

* SRI DIWAN BAHADUR A. APPADURAI PILLAI :—" There are the officers of the Revenue Department, the Tobacco officer, the Excise officer, Police and other officers."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, I think there is a misconception and I shall make it quite clear. Just like the executive officers the magistrate also should have the power to take cognizance of such offences. But we must remember this. Under the Criminal Procedure Code an accused person under such circumstances is entitled to demand a transfer of the trial to another magistrate."

The amendment was, by leave, withdrawn.

Clauses 29, 30 and 31 were put and carried.

Clause 32.

* MR. H. S. TOWN :—" Sir, I beg to move the following amendment :—

' For *paragraph* (*g*) *in sub-section* (2) *of clause* 32 *of the Bill* substitute *the following* :—

" (*g*) *Any other matter which is to be or may be prescribed.*"

' *In sub-section* (3) *of clause* 32 *of the Bill* delete *the words " except on the first occasion of the exercise thereof.*" '

[Mr. H. S. Town] [25th April 1939

Sir, this amendment falls into two distinct parts. In the first part I wish to amend the power taken under paragraph (*g*) of sub-section (2) of clause 32. I think the Government have taken here far too wide powers. It practically amounts to this: if Government decide that in passing this Bill into law, this House has failed to do something which the Government think it should have done then the Government themselves shall do it without asking this House to give them that power. I think, Sir, that the Government should not seek such wide powers. It practically amounts to the Government saying to themselves, 'We have passed a Bill which purports to give certain powers. We come to the conclusion that our Bill does not quite give us those powers. Therefore we take those powers ourselves without asking the House to give them to us.' Then we need never have passed this Bill at all. We need only have passed this one clause. Therefore I commend that portion of my amendment to the House.

"The second part of the amendment is one which was brought up in connexion with another Bill and turned down but still I am moving it because, although it was lost in the other case, we still protest against this clause being in any Bill. I consider, Sir, that the first set of rules made under a Bill is as important if not more important than the subsequent rules. I do feel that Government who are willing to give us four weeks to consider any subsequent rules should be prepared to give us four weeks to consider the main rules under the Bill. I think that this power that the Government are asking for here is far in excess of the power that any Government should seek. Therefore, Sir, I ask the Hon. Premier to accept this amendment without making a debate in regard to it. I am quite sure that in his heart of hearts he must agree that what I say is correct. Sir, I move."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR :—"Sir, the point is this. Mr. Town says that we have taken every care and that it is unnecessary to provide this clause for abundant caution. and that if anything is to be done it might be gone through by fresh legislation. It is quite true that we have taken great care: but as in other matters, in this also we are not over-confident. At the same time, I do not hesitate in offering at once this assurance that sub-clause (*g*) is not intended to substitute an arbitrary promulgation of law for legislation. It is intended only for meeting a very difficult contingency which cannot really be postponed sometimes in the administration of a measure. For instance, we found in the course of the discussion that retail sales licences should be given free but we had not definitely provided for it. Many such little matters may have been omitted. It is not the intention of the Government to use the power given in sub-clause (*g*) except for the purpose of overcoming difficulties that

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may be found in the working of this Act. This is not a Government that is running away from the people and the House. It is bound to be under observation and supervision. It is bound to be under immediate and careful notice. Therefore there is no danger lurking behind sub-clause (*g*) of any misuse or misapplication.

"Then with regard to the second question as to the rule-making power being exercised after previous publication of the rules, it is only a matter of making up the rules in time for bringing the Act into operation within a near enough point of time. If the making of rules is finished quickly, I have no doubt 5-45 that, what the hon. Member desires in respect of even the set of p.m. rules, will be done. I do not think that it will not be done simply because there is this power. But supposing that we have introduced a measure quickly and that some rules which ought to have been made, have not been made, such rules should be allowed to be made. On behalf of the Government I wish to make these two promises, that paragraph (*g*) is not going to be used except in the most genuine and necessary cases and that the rules will be published in good time. It is only any possible escape or mistake that is provided for in sub-clause (3). On these assurances, I hope Mr. Town will withdraw his amendment. If he does not as a matter of principle, I beg the House to reject the amendment."

* MR. H. S. TOWN :—"This is so much a matter of principle, particularly the second one, that I feel that the amendment should be put to the House."

The amendment was put and lost.

Clause 32 was put and carried.

Clause 33.

MR. W. K. M. LANGLEY :—"Sir, I beg to move the amendment which stands in my name, viz.—

'Omit *clause* 33 *of the Bill.*'

"When I was anticipating moving this amendment, it never occurred to me that the Hon. Premier would give such an exceedingly satisfactory answer on the whole and to the particular amendment moved in connexion with the previous clause. I think, in view of the remarks he made in connexion with the amendment proposed under section 32, that he will have no difficulty whatsoever in accepting my amendment to omit clause 33. Now my rising to propose that this provision should be omitted is on a principle (which has been before this House in connexion with other Bills), of the group that I represent; and consequently it is nothing new to the House to know that we strongly object to clause 33 in the proposed Bill. The question was brought up in a very forcible way so recently as November 1937 by the then Leader of our group, Sir William Wright, when a similar clause

was sought to be introduced into a very minor Bill, a Bill purely to amend the Madras Local Boards Act. It was brought up in November 1937; on that occasion an almost similar clause was moved by the present Hon. Law Member, Dr. Subbarayan. In introducing the amendment to the Local Boards Bill, he made the excuse for carrying such a clause as this in the Bill, that the Bill was only a very minor one. In fact he used the sort of argument that is used by the 'nurse and the midshipman.' The child was unfortunately an illegitimate one, but pleaded that it was only a very little one. Similarly on that occasion, the Hon. Dr. Subbarayan, in moving the particular clause, an omnibus clause like this, said that hon. Members need not be afraid that this clause was going to be used on every occasion. These were the words used by one of the Members of the Cabinet only about eighteen months ago. When he made that statement, I take it—he made that statement quite recently—he was entitled to speak for the Government; otherwise what becomes of joint Cabinet responsibility? We cannot surely have one Member of the Cabinet introducing a clause of this nature eighteen months ago giving a definite undertaking that it will not be used generally. We have a similar clause introduced not only into an important Bill of this nature, but more particularly, I must emphasize, into a Bill of a fiscal nature. It seems to me that any fiscal Bill should be very clearly drawn up. All the provisions should be there clearly drawn up and defined in the Bill itself; and in a Bill which affects taxation in any form, such a wide clause as this should certainly be omitted. It seems to me an extremely dangerous thing to allow any Government to do anything, by an executive order, which may possibly affect the taxation of the individual in any way. Now this system of introducing an omnibus clause of this nature has already been dealt with very forcibly in connexion with the previous clause by my hon. Friend, Mr. Town.

"I might further tell the House of a cynical remark which was made by a member of the Indian Civil Service—now retired—to me a good many years ago. I remember him remarking that the Government of the country might draw up any Bill and pass it into an Act, so long as he had the opportunity of drawiug up the rules under the Act. In this respect the present Government has inherited some of the bad habits of the late Indian Civil Service Government in this Province. In view of the remarks which were made by my predecessor, Sir William Wright, in November 1937 and the certain assurance which was given by the Hon. Dr. P. Subbarayan, it seems to me that this Government like the House of Bourbons has learnt nothing and forgotten nothing. The clause, I can only once again repeat, is in our opinion thoroughly objectionable and undesirable, particularly in a Bill of a fiscal nature and we therefore must press strongly for the entire omission of this clause."

Mr. G. E. WALKER:—"I second the amendment."

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*SRI T. T. KRISHNAMACHARIAR :—" Mr. Speaker, I would like to support the amendment moved by Mr. Langley. I would invite the attention of the Hon. Premier to the last words that he said. He said this is a legacy handed down to this Government by the I.C.S. Government which preceded it. When a condemnation of the previous Government comes from Mr. Langley of the European group, I think it has got added force to it. I hope the Hon. Premier will not reject the amendment proposed but will meet Mr. Langley's wishes in some way, at least to show that he shares Mr. Langley's opinion with regard to the condemnation of the Government that preceded this Government."

*THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, I must be excused for saying that this amendment is not justifiable at all. Clause 32 is wholly different from clause 33. I can understand the objection under 32, because we can make laws thereunder. But clause 33 provides for particular executive acts which become necessary to remove a difficulty that is raised or found in giving effect to the provisions of this Bill when it becomes an Act. Clause 33 does not take any power for the Government to make Laws, Regulations or Rules. Clause 33 takes power to carry out the laws and regulations that have been lawfully passed. If in giving effect to such regulations and laws as have been duly passed, any difficulty is found, surely the administration should have the power to do such acts as are necessary to remove the difficulty. It does not include the power to make the law; it only wants power to do an act, in order to remove a difficulty. Sir, clause 33 has been very liberally interpreted by Mr. Langley. It is a very narrow power that is given under clause 33 and it cannot be misused under any circumstances.

" Then, Sir, I must ask, 'Why do you want, in spite of our promises, that we should not ask for such powers?' It is true that such a clause has been passed as part of many laws at our instance, but could any hon. Member be able to show that we have used this power, not to speak of using it at all, but wrongly using it? Therefore there is no case made out against us by way of bad character in regard to this clause that we want.

" Then with regard to the general political theory or juristic theory, let me say what I feel. It is easy for people who took this power before when they were responsible, to ask us not to take this power when we are responsible for official difficulties. But the people who wanted this power before could have been very generous and thoroughly juristic in their attitude towards laws and regulations. They can afford to take this power. Some hon. Members tell us, 'You do not take any such power.' We have been criticized like this before. But I am frank almost to the point of being crude. I say we have taken this power and we have taken

it for the first time. For the first time we are legislating in the real sense of the word; we may find some difficulties; we cannot place the executive of this Province in these difficulties without giving them an escape from these difficulties. We will make laws with the consent of the House; in carrying out the laws that the House has made, if we find any difficulty we must be permitted to do any particular act in order to carry out the laws. This Government on behalf of the people asks for this power from the representatives of the people. I maintain that clause 33 has every justification not only in this Bill but in every Bill that we may introduce hereafter."

m. MR. SPEAKER:—"What does Mr. Langley say? Shall I put it to the vote?"

MR. W. K. M. LANGLEY:—"Yes."

The amendment was put and lost.

Clause 33 was put and carried.

Clause 3.

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I move, Sir, that certain verbal corrections be made in this clause in order to carry out our intentions. They are:

'For *the words* "*any tobacco or*" *in line 2 of clause 3 (1)*, substitute *the following, namely*, "*any manufactured tobacco in retail or sell tobacco in any form wholesale or otherwise*".'

"The clause would then read as follows:—

'Save as provided in this Act, no person shall sell or expose for sale any manufactured tobacco in retail or sell tobacco in any form, wholesale or otherwise carry on business as a wholesale dealer, manufacturer, broker or commission agent except under the authority, and in accordance with the terms and conditions, of a licence granted by the Collector under this Act.'

Mr. Appadurai Pillai's amendment brought this matter to notice, that the definition of 'retail dealer' includes the licence, and therefore any person who ought to take licence but does not take licence, should not be allowed to carry on retail sale; in the other case, licence has been provided. So, if the amendment that I propose is accepted, it will put the matter in proper form.

"In the same breath, I also move—

'*In line 2 of sub-clause* (2), for *the words* "*sell tobacco*" substitute *the words* "*sell manufactured tobacco*".'"

The amendments were put and carried.

MR. SPEAKER:—"I suppose the other amendments are withdrawn."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I want to move my amendment, Sir.

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" Mr. Speaker, Sir, I move the amendment that stands in my name, namely—

' Add *the following as Explanation III to sub-clause* (1) *of Clause* 3:—

" *The sale by a wholesale dealer other than a manufacturer is not a sale of tobacco under the provisions of the Act, except for the purpose of a licence.*" '

Sir, in the light of the amendment moved by the Hon. the Premier just now and passed by the House, I substitute the words ' sale of manufactured tobacco ' for the words ' sale of tobacco ' in my amendment.

" Sir, the object in moving this amendment is to prevent the turnover tax being levied on the wholesale dealer more than at one point. The intention of the Committee when it substituted the monopoly system by the present clauses 4 and 5 was to levy a combined tax of 12 per cent on both the wholesaler and the retailer, and it was also believed that the retailer, when once this tax was levied, would raise the price of the commodity at least by 25 per cent. It was also stated that out of the 25 per cent that he would get as a result of the enhancement of the price on account of this tax, we would be getting only 12 per cent by means of tax and would be making a present of the remaining 13 per cent to the dealer. We also understood then that ultimately both the wholesaler and the retailer of a particular commodity would have to pay a combined tax of 12 per cent. I find however in the Bill as amended by the Select Committee that no provision has been made either in the definition clause or anywhere else to restrict the levy of the tax on the wholesale dealer at one point. Therefore, Sir, I move for the addition of this explanation, in order to make it possible for the Government to levy the tax at one stage only on the wholesale dealer. But where this tax should be levied may be a difficult question. I know the argument may be advanced that if it is levied at the manufacturing point, it may be illegal; but I may state at once that it will not be illegal inasmuch as that particular commodity is taxed at various stages. If it is only a tax at the manufacturer's place where the sale takes place, certainly it will be illegal; but if it is a tax at a convenient stage later on in the process of wholesale sale, I am sure we can get out of the illegal aspect of the question. I suggest, however, in order to get out of the legal difficulty, that the wholesale sale can be taxed at a later stage. I know there will be some difficulty in finding out that stage but I am sure the Government by rules can fix a stage which may be convenient for administrative purposes and they will be able to collect the tax with greater ease. I therefore move Sir, that this Explanation III be added."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, as was put by the mover of this amendment, it is intended to prevent the tax being levied on wholesale dealers other than those who

are themselves manufacturers. If the amendment were accepted, it would prevent not only a tax on wholesale dealers at more points than one, but it would also prevent entirely a tax on wholesale dealers who deal in goods which they have imported from abroad for sale in this country. It would wholly prevent any wholesale tax being levied on dealers who do wholesale business in tobacco manufactured abroad and not manufactured in this Province. Therefore, Sir, the amendment as it stands would certainly be a very wrong amendment. Apart from that, the intention, I submit, of confining the taxation of wholesale dealers to only one point is also not acceptable to me, not because it would not be a right amendment as put forward, but on principle I have to object to it. For, as hon. Members know, even in the discussions on the previous clauses, it was stated that it was not then contemplated that wholesale dealers were to be taxed at only one point. Hon. Members will kindly see that in the long clause dealing with licences, we have definitely provided for a licence to be given to wholesale dealers who are not manufacturers, on payment of Rs. 50. It is not as if we were oblivious of it, and it was not considered wrong to take into account the fact that it might be at more than one point. It must also be remembered at the same time that this will bring about a certain amount of integration in business—it may not be always at two points. It is therefore necessary not only to deal with manufactured goods imported from abroad but for other reasons also, to retain this tax at more than one point. I have good reasons why I am not accepting the amendment which Mr. Hameed Khan has moved."

The amendment was put and lost.

The amendments of Sri Diwan Bahadur A. Appadurai Pillai and Mr. H. S. Town were withdrawn.

Clause 3 as amended was put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

III.—MOTION UNDER RULE 17 OF THE MADRAS LEGISLATIVE ASSEMBLY RULES.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I move, Sir,

> '*that Rule 17 of the Madras Legislative Assembly Rules be suspended and the House do resolve to transact Government business on Wednesday, the 26th April* 1939 '."

The motion was put and carried.

MR. SPEAKER :—" We shall have the third reading of the Tobacco Bill to-morrow and the rest of the business on the Agenda also will be taken up to-morrow.

The House then adjourned to meet again at 3 p.m. the next day.

THE MADRAS LEGISLATIVE ASSEMBLY.

Wednesday, 26th April, 1939.

The House met in the Assembly Building, Chepauk, at three of the clock, Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS.

* SRI G. KRISHNA RAO:—" I want to make a submission to you, Sir. Yesterday when questions were asked from this side, the Hon. Minister for Public Health answered two or three questions consecutively saying 'the information has been called for.' That is a sort of difficulty we members have to face on this side. If information asked for in questions is not received, I submit, the questions need not be included in the list of questions for that day, because it will save a lot of trouble and the questioner will wait till the information is got and the Minister answers the questions."

MR. SPEAKER:—" The questions may be given notice of again by the Member if they are not fully answered and they will be admitted."

* SRI G. KRISHNA RAO:—" My suggestion, if accepted, will obviate the difficulty of repeating the questions."

MR. SPEAKER:—" Questions ought to be repeated. Otherwise if the Hon. Minister wanted to give the information, which was called for, it will not be possible for him to do so."

* SRI G. KRISHNA RAO:—" If the information is not available, the questions themselves need not be included in the list."

MR. SPEAKER:—" At least the information that the Government have called for the information should be communicated to the House."

* SRI G. KRISHNA RAO:—" Such an answer might be given to all the questions. Then, is it possible in all the cases to repeat the questions again?"

MR. SPEAKER:—" Even then they will be allowed."

* SRI G. KRISHNA RAO:—" I only make a submission, Sir, that my suggestion may be favourably considered because it will obviate the difficulty of repeating the questions."

MR. SPEAKER:—" I have told the hon. Member that there is no question of favourable consideration in such matters. Those questions will be automatically allowed and their admissibility

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will not be questioned. But in case the Government wanted to communicate the fact that the information has been called for and has not been received, it was proper that Government should communicate to the House that information."

* SRI G. KRISHNA RAO:—"Will it be a difficult matter for the Government to wait till the information called for is received?"

MR. SPEAKER:—"Members may be anxious to know what is the outcome of their interpellations."

THE HON. SRI C. RAJAGOPALACHARIAR:—"May I be permitted to explain in this connexion, that many members may not understand that it takes a certain amount of time to get accurate information. In the old days the answer would have been, 'The Government have no information.' But, we are seeing to it that proper and full information is got. In such cases, instead of simply leaving it to the members to be guessing as to what is going on, we say this: and as soon as the answers are ready and if members are keen about it, we give the information; and it is a good thing we are keeping members in touch with what we are doing."

* SRI G. KRISHNA RAO:—"I am not saying anything in a critical spirit; but I only request that in the case of questions on which materials have not been ready, they may be delayed till the full information is got and then included in the list."

THE HON. SRI C. RAJAGOPALACHARIAR:—"That is just what I am explaining. If they are delayed, it leads to misunderstanding. If they are to be answered quickly, they would not be answered in that form; if there is time they will be answered. We leave it to the members to ask for the information again instead of allowing them to lapse."

Alienation of resurvey No. 1-3 in Chidambaram non-municipal area to Sri Nandanar Kalvikazhagam.

* 1219 *Q.*—SWAMI A. S. SAHAJANANDAM: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) in what year resurvey No. 1-3 in Chidambaram non-municipal area has been alienated to Sri Nandanar Kalvikazhagam at Chidambaram for purposes of school playground;

(*b*) when it was approved by the District Educational Council, South Arcot;

(*c*) to place on the table copies of orders sanctioning alienation of the said site and also the approval of the District Educational Council;

(*d*) to state whether it is a fact that B Memorandum notice for the said site has been served on the manager of the Kazhagam for the first time this year; and

(*e*) if so, the reason therefor?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" (*a*) As far as the Government are aware, R.S. No. 1–3 of Chidambaram has not been alienated to the Nandanar Kalvikazhagam.

" (*b*) & (*c*) Do not arise.

" (*d*) & (*e*) The Government have no information but have called for a report."

Remodelling of the old bridge across the irrigation channel in Poraiyur, Tiruchendur taluk.

* 1220 *Q*.—SRI A. R. A. S. DURAISWAMI NADAR: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) whether the Muslim and other poor agriculturists of Poraiyur, Tiruchendur taluk, Tinnevelly district, have submitted a petition to the Government praying for the remodelling of the old bridge across the irrigation channel in the village;

(*b*) whether the Hon. the Minister has personally inspected the bridge and found it defective;

(*c*) whether orders have been issued for the remodelling of the bridge as per Memorandum No. 1987-D/38-2, dated 16th December 1938;

(*d*) whether the District Collector has now informed the villagers that the work cannot be taken up unless the villagers pay a contribution; and

(*e*) in view of the extreme poverty of the villagers, whether the Government will be pleased to order the remodelling of the bridge without demanding any contribution from them?

THE HON. MR. YAKUB HASAN:—" (*a*) & (*b*) The answer is in the affirmative.

" (*c*) & (*d*) The instructions referred to in the memorandum mentioned, were issued on the understanding that a contribution should be got from the ryots as recommended by the Collector.

" (*e*) The question will be considered."

SRI S. NAGAPPA:—" May I ask the Hon. Minister what was the actual defect that he found when he inspected the place personally?"

THE HON. MR. YAKUB HASAN:—" I have already answered that there was a memorandum to which the hon. Member has referred. That shows that something should be done to the bridge as recommended by the Collector."

SRI S. NAGAPPA:—" My question was, what was the actual defect in the bridge noticed by the Hon. Minister when he visited the place personally?"

THE HON. MR. YAKUB HASAN:—"I cannot say how many bricks were broken and how many bricks will be required and so on. But it is acknowledged that the bridge requires remodelling and so the question of contribution was taken up."

Opening of a Pathological Institute at Tanjore.

* 1221 *Q.*—SRI P. R. K. SARMA: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether the Government have any proposal under consideration to open a Pathological Institute at Tanjore in the old Medical School buildings; and

(*b*) whether the Government have any other proposals under consideration apart from those referred to in reply to unstarred question No. 78, answered on 14th September 1937, for utilizing the old Medical School buildings at Tanjore and if so, what they are?

SRI A. B. SHETTY (Parliamentary Secretary) on behalf of the Hon. Dr. T. S. S. Rajan:—" (*a*) & (*b*) The answer is in the negative. The Tanjore District Board has been asked to consider once again the proposal to open an X-Ray institute, or to suggest some other scheme. Its reply is awaited."

SRI G. KRISHNA RAO:—" May I know, Sir, whether the old medical school at Tanjore was abolished as a measure of economy?"

SRI A. B. SHETTY:—" It was thought necessary to close down all the medical schools in the mufassal places in accordance with the recommendation of the Medical Education Committee and so this school also was closed down."

Revenue derived from cardamoms collected from forest areas.

* 1222 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the areas where cardamoms grow wild in forest areas;

(*b*) whether these are gathered and sold; and

(*c*) the amount received in the last three years from this commodity?

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THE HON. SRI V. I. MUNISWAMI PILLAI :—" (a) Wild cardamoms grow in Coimbatore South, Tinnevelly, Nilambur, Wynaad and Palghat forest divisions.

" (b) Yes. Cardamoms are generally included as one of the items of minor forest produce and leased out to contractors annually. This produce is now collected departmentally in the Tinnevelly and Palghat forest divisions.

" (c) No separate figures of revenue from wild cardamoms are available."

Delay in the printing of the Proceedings of the Madras Estates Land Act Enquiry Committee.

* 1223 *Q.*—SRI B. BHAKTAVATSALU NAYUDU : Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(a) when and in what department the Proceedings of the Madras Estates Land Act Enquiry Committee were received for printing;

(b) whether the work was unduly delayed in the department for over two months, and necessitated overtime work during the Easter holidays and working days, and if so, who was responsible for the delay; and

(c) whether the vernacular portions of the work were given to the vernacular compositors for setting after two months of its receipt, and if so, why?

SRI M. BAPINEEDU (Parliamentary Secretary) on behalf of the Hon. Sri S. Ramanathan :—" (a) Manuscripts of the report in English were received in batches from 17th December 1937, and those in vernacular from the 12th March 1938. They were received in the Revenue, Public and Local and Municipal departments of the Press.

" (b) & (c) The printing of the English portion of the work was done as expeditiously as possible in spite of the pressure of work due to the printing of electoral rolls. The order for setting vernacular portions was received only on 19th March 1938. This work was not taken up until the 7th April 1938 as the Vernacular department was very busy at the time of receipt with the setting of the rolls, and as the types were locked up in that work."

SRI G. KRISHNA RAO :—" May I know, Sir, who the officer is who sanctions this overtime work in the department? "

SRI M. BAPINEEDU :—" Notice, Sir."

SRI S. NAGAPPA :—" May I know, Sir, when the vernacular edition of the Estates Land Act Committee Report is expected to be published? "

Sri M. BAPINEEDU:—"As early as possible."

Sri G. KRISHNA RAO:—"May I know, Sir, whether the official Secretary scrutinises these items of overtime work every time or whether they sanction it themselves?"

Sri M. BAPINEEDU:—"It is being scrutinized."

Sri S. NAGAPPA:—"May I know, Sir, what portions of the Estates Land Act Committee Report are taken up for vernacularising?"

Sri M. BAPINEEDU:—"Notice, Sir."

Srimathi G. AMMANNA RAJA:—"May I know, Sir, whether the term 'vernacular' can still be used?"

Mr. SPEAKER:—"Does the hon. Lady Member want the information from the Parliamentary Secretary?"

Srimathi G. AMMANNA RAJA:—"Yes."

Sri M. BAPINEEDU:—"For want of a suitable word, that word was used and it will be corrected later on."

Application of the Corporation of Madras for funds for the relief of Choolai Mill strikers and their dependants.

* 1224 *Q.*—Sri G. RANGIAH NAYUDU: Will the Hon. the Minister for Local Administration be pleased to state what action has been taken in connexion with the application of the Corporation of Madras for a grant of a sum of Rs. 5,000 for the relief of Choolai Mill strikers and their starving dependants in the City of Madras?

The Hon. Sri B. GOPALA REDDI:—"The proposal of the Corporation of Madras was not sanctioned by the Government."

Sri V. M. RAMASWAMI MUDALIYAR:—"May I ask, Sir, whether the Government sanction the giving of loans in the case of district boards and municipalities for the relief of those who were affected by famine or cyclone and if so, what is the distinction between the relief given to those persons and the relief to the distress of the dependants of the strikers in the City?"

The Hon. Sri B. GOPALA REDDI:—"In the case of cyclones, it is natural distress, but I think this distress is due to their own creation."

Sri V. M. RAMASWAMI MUDALIYAR:—"May I ask, Sir, so far as the dependants and other members of the families are concerned, whether the distress due to natural causes or to causes due not to themselves but to third parties, is not the same and whether both the kinds of distress do not stand on the same footing so far as the dependants are concerned?"

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THE HON. SRI C. RAJAGOPALACHARIAR :—" It is a question of public money. I should like hon. Members who are interested in this matter to realize that the first duty in such cases is for private gentlemen to show their sympathy before taking up the tax-payers' and rate-payers' money in the first instance."

SRI G. RANGIAH NAYUDU :—" Is it not a fact, Sir, that the Corporation has granted this money from out of the public funds collected in the City of Madras in the interests of the people now suffering in the City? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" All the funds *collected under the City Municipal Act are definitely stated* to be for such and such purpose and for similar purposes; and it would be an exceptional use if this grant were to be given effect to."

SRI V. M. RAMASWAMI MUDALIYAR :—" May I ask, Sir, whether the Corporation is prevented from spending a reasonable portion or what it considers a reasonable portion of their funds on feeding those people who are in distress in the City of Madras? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" The Corporation is certainly at liberty to feed the starving people, but to make a grant for a particular strike is certainly exceptional."

SRI V. M. RAMASWAMI MUDALIYAR :—" May I ask whether the Government will consider the request of the Corporation favourably if instead of giving relief to the strikers, they feed persons who are in distress and who are hungry and starving? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" It would arise only if the Corporation took such a decision."

SRI V. KURMAYYA :—" May I know what is the policy of the Government in not approving such grants sanctioned by the Corporation for such and such purposes? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" Apparently, the hon. Member wishes to know the reason why such a resolution is not sanctioned. The reason is, that the use of money derived either from taxes or rates should be for the purposes for which the taxes or rates are authorized to be levied, and any exceptional use of that money should be carefully examined; and in this case, since a different kind of charity comes into play, Government thought it would not be proper to utilize the ratepayers' money for such a purpose."

SRI V. M. RAMASWAMI MUDALIYAR :—" May I ask whether Government are aware that large public support has been enlisted in this matter of relieving the starving dependants? Is that not sufficient? "

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THE HON. SRI C. RAJAGOPALACHARIAR:—" The Government are not certain that the Corporation should do anything which would smack of participating in any particular labour dispute."

15 p.m. SRI V. KURMAYYA:—" Do the Government believe that the members of the Corporation of Madras are not better judges than the Government in the matter of making the grant? Do the Government think that they are not competent to make such grants or they have been careless in making such a grant for that purpose? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" It is a mere argument on a matter of opinion. Very probably the members of the Corporation of Madras knew that the responsibility would be that of the Government when they passed the resolution." (Laughter.)

AN HON. MEMBER:—" Is it not within the competence of the local authority to make a grant for this purpose? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" Hon. Members should be aware that a resolution of this kind is subject to the approval of the Government and the members of the Corporation who voted for it knew very well that the responsibility of approving or rejecting the amendment would be entirely the Government's and it is very easy for the Corporation members to pass such a resolution."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Is not the Hon. the Premier aware that the Corporation Council has a Congress majority? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" I am not quite aware of it, Sir."

SRI V. KURMAYYA:—" May I know whether there are any precedents in the matter of the Corporation making such a grant and the Government vetoing it? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" I am not aware of precedents, but I do not propose to follow bad precedents."

SRI V. M. RAMASWAMI MUDALIYAR:—" If this question were not put on a labour-versus-capital footing but purely on a humanitarian footing, may I ask, Sir, whether even then the Government would have objection to sanctioning the grant of money for the relief of distress? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" I have already said that the Government can have no objection if the Corporation takes up any work which lawfully and properly falls within its compass, and feeding of the hungry and the starving within the municipal limits is certainly

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within its compass. If they set up a place where they would actually feed, a very limited number would come; but if they set up a fund from the Treasury and begin to distribute, it will be distributed on quite a different scale."

Sri T. N. RAMAKRISHNA REDDI:—"Sir, the question reads as if the Corporation applied for the grant from the Government. May I ask, Sir, whether it is a request for the grant from the Government or whether it is the sanctioning of a grant from the funds of the Corporation?"

The Hon. Sri C. RAJAGOPALACHARIAR:—"That must be put to the questioner; but evidently, Sir, the question has been written in a hurry."

Physics question paper in the recent S.S.L.C. Examination.

* 1225 *Q.*—Sri B. BHAKTAVATSALU NAYUDU: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether he is aware that, at the recent S.S.L.C. Examination, questions, nearly six in number, were given in Physics (C. Group) paper from outside the portions prescribed for study and for examination; and

(*b*) if the answer to the above is in the affirmative, whether the Government will be pleased to take such measures as are called for in the circumstances?

Sri M. BHAKTAVATSALAM (Parliamentary Secretary) on behalf of the Hon. Sri C. J. Varkey:—"(*a*) The Government understand that two questions were probably outside the syllabus.

"(*b*) Yes."

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

II.—GOVERNMENT BILLS.

(1) THE MADRAS TOBACCO (TAXATION OF SALES AND LICENSING) BILL, 1939—CONCLUDED.

* The Hon. Sri C. RAJAGOPALACHARIAR:—"Sir, I beg to move—

'*that the Bill as amended be passed into law.*'

"I must thank the members for the co-operation that they rendered both in the Select Committee and in the second reading of the Bill and the spirit in which they have taken the decisions one way or the other. It is indeed a matter for congratulation that we were able to feel that every facility was given to all those interested in the business and who had objections to make. Still it may be felt by some that sufficient consideration was not given to certain points. But I say sincerely, Sir, that we have thoroughly

thrashed out the matter and that every one of the points raised and the points put up has had a fair hearing both during the proceedings of the Select Committee and in the House. I do not think that we have any reason to feel that we have rushed through the measure. It is possible that sometimes you may have a measure lying over for a long time and feel that plenty of time has been given to it. But if there is energetic application, careful attention and close co-operation, we are able to do more even within lesser time. It all depends upon how people apply themselves. As regards this Bill, we have applied ourselves vigorously, and within the time at our disposal we have done a volume of work which might ordinarily with credit be spread over a longer period, even three months. I think that we have done justice to the measure before us and I hope that the House will accept the Bill and pass it into law."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"This measure, Mr. Speaker, which is very soon going to be passed into law, has passed through the various stages provided for in the constitution and has been before the public for nearly three months. I feel that there is no purpose in my opposing the passing of this measure for I know that it will be passed constituted as we are in this House.

"But at the same time, I feel that I should tell the Hon. the Premier that whenever he chooses to bring forward fiscal measures, it would be better and in the interests of all concerned if an enquiry into the actual conditions of the particular trades affected is undertaken, although he may think that no purpose will be served by such an enquiry and mere opposition will be the net result. So far as this measure is concerned—I do not want to take the other Bill which is shortly to be discussed by the House—I believe, from what I have known during the period that this Bill has been under consideration, that the conditions obtaining in this industry have been lost sight of. The one view that has been taken generally in regard to this measure is that either the producers are affected or the consumers will be affected but that the persons occupying the middle position between the consumer and the producer are not affected in the least. That, I submit, is a point of view with which I cannot agree and my reason is that the conditions obtaining in the trade are quite different from the rest. Therefore, it is that I submit that an enquiry should have been undertaken. The Government have got a ponderous machinery and even if they do not want to have it done through their own machinery, they could have taken the House into their confidence and constituted a committee, and they could have also taken expert advice and then they could have formulated the measure. But, Sir, the main consideration of the Government is that they want to have as much money as possible, and when they

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are influenced by that view, it is just possible they may feel that no purpose will be served by finding out the conditions in the trade. Somehow or other they think that the people must pay and if that is the only consideration, I am afraid the conditions in the trade is such that those engaged in it, whose condition is already far from enviable, would still further be adversely affected. Not only they but also the consumers whose shoulders are not strong enough to bear the burden would be affected.

"Now that the Bill is going to become law, I hope that the Hon. the Premier will, in giving effect to it, see that the people are not harassed by the smaller officials who will be entrusted with the administration of the Act. I know that the Hon. the Premier on a former occasion in reply to my query informed the House that officers displaced on account of the introduction of Prohibition would be given the chance as and when their services are required owing to the passing of fiscal measures and that they would be employed for enforcing the provisions of those measures. I know, Sir, that it will be possible for the Government not only to confine their choice to the older people who are already in service but also to extend it to younger men who are acquainted with the conditions in the trade and also the accounting and the manner in which the trade is being carried on. If novices are to be entrusted with the administration of the various provisions of this law, there is danger both of evasion and of unsympathetic handling.

"I do not think that I need say anything more. I do not oppose the Bill because I know that in so far as it has been brought before us, it would be passed in any case."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—"I think, Sir, that this is an occasion for the Hon. the Premier to congratulate himself not only because he has secured the consent of the House to the measure but also because he has made substantial concessions and accepted several amendments which were moved from this side of the House and which removed several of the harsh features of the Bill. I do not mean to say that I am in agreement with all the details of the Bill; but, Sir, I quite agree with the principle of the Bill. Money, it has been admitted, is necessary for the efficient carrying on of the administration and some source of taxation has to be found out. What other source can there be which is less horrible and less objectionable than this tobacco tax? It has to be remembered that this is an article which is taxed in other countries. It is also taxed in some of the small States adjoining this Province. There was a fear, a possibility, on account of the fact that the Government were embarking upon a programme which would entail loss of revenue to the Government, that they were going into bankruptcy because they may

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not be able to find sufficient money to carry on the administration. This is a source of revenue which will enable them to carry on an efficient administration and give relief to people in respect of land tax. That is yet another reason for the Hon. the Premier to 0 .m. congratulate himself because he can be sure that they will not be heading to bankruptcy. So, I think there is reason for some of us to hope that land tax will be reduced, that other heavy burdens will be removed and also that there will be no salary cut in the pay of officers hereafter. (Laughter.) So I think the Hon. Premier has succeeded in steering the ship of State clear of all shoals and rocks lurking underneath and keeping it out on the surface of the water. With these words, Sir, I support the motion."

* M. AHMED BATCHA SAHIB BAHADUR :—" Mr. Speaker, in just reviewing this Bill as it has been amended and passed yesterday, I think one small item has escaped our attention. In clause 2, sub-clause (8), in defining (manufactured tobacco) it is stated that it ' means cigars, cheroots, cigarettes, cigarette tobacco, pipe tobacco, bidis and snuff, but does not include any preparation or mixture of tobacco intended for a further process of manufacture.' I do not know why such an old thing as ' *Gudaku* ' has been forgotten. (Laughter.) (An Hon. Member: ' It comes under pipe tobacco.') It is almost analogous to what is called cigarette tobacco. If I may be permitted to explain a little bit, it is a combination of ' gud ' and ' thamaku.' The first syllable ' gud ' is added to the last syllable of ' thamaku '; ' aku ' in Telugu means leaf, and ' gud ' in Hindustani means jaggery. It is a kind of preparation in paste-like form. It can never be the same as pipe tobacco. It is a paste-like thing added. . . ."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" What was meant was pipe tobacco; it is not the thing that is put in the English pipe, which has a very wide mouth; but it is the thing that is put in the hooka pipe that is meant by pipe tobacco."

* M. AHMED BATCHA SAHIB BAHADUR :—" I do not think that point has been made clear, and I am sure, unless the matter is made clear, it will lead to any amount of complication. It is very much different from the ordinary pipe tobacco; it has got a very complicated process; it has a definite shape different from other kinds; and it stands on a different footing, and with due respect to the Hon. Premier, I think it is a different commodity altogether."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Do you want that also to be taxed? "

* M. AHMED BATCHA SAHIB BAHADUR :—" No, I am not saying that. I only say, unless the point is made clear, it will give rise to a lot of complications and misunderstanding in the course of the working of this measure."

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* THE HON. SRI C. RAJAGOPALACHARIAR:—"It is perhaps better if I made it clear, that it is not intended to be taxed."

* M. AHMED BATCHA SAHIB BAHADUR:—"If it is not intended to be taxed, then the words 'but does not include any preparation or mixture of tobacco intended for a further process of manufacture' do not cover that."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"The first part gives a list of those things which are covered; the second part excludes certain things which are distinctly not covered. If a thing is not included in the first part it is excluded from the purview of the measure."

* M. AHMAD BATCHA SAHIB BAHADUR:—"So the position is now made clear; it has been made clear that 'gudaku' is not a taxable item. Then, Sir, another point. In clause 10, sub-clause (2), mention is made of the circumstances under which the licence may be cancelled. It is mentioned there, that where a licence is cancelled the money will not be refunded. After reading through the various penal clauses in the Bill and other things, I am inclined to believe that no provision is made for appeal against the order of the Collector. The Collector has been made the final authority. It is very possible, sometimes, the Collector may judge wrongly. I do not attribute to him any motives. Still he is after all a human being and he may come to a wrong decision, which another person may not have come to under similar circumstances. Therefore, I say that there should be a provision made in the measure for an appeal against his order. In a similar taxation measure, the Sales Tax Bill, provision is made for appeals against such errors that may creep in. It cannot he said that the Collector, with due respect to him, is incapable of error of judgment. I feel too much power is given to the Collector, as I see no provision for appeal against his orders. Government have provided in every other case of penalties imposed against a person in regard to the violation of criminal or revenue law an appellate provision. But where a licence is cancelled, the matter is left there and no appeal is provided for.

"There is an officer called 'Commissioner' who comes in at a late stage of the Bill. We see him only in clause 13. The Bill does not refer to him earlier or later. We do not know where he comes in, whether he is appointed by the Government and so on."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"The definition clause gives the information."

* M. AHMED BATCHA SAHIB BAHADUR:—"I am sorry, it is mentioned there. In any case, I think, the Commissioner would be doing nothing except going round and supervising the

work done by the Collector. It is not mentioned what his duties are; for, clause 13 says only this:

'Subject to the control and direction of the Provincial Government, the Commissioner shall superintend the working of this Act and the collection of tobacco revenue in all areas in the Provinces of Madras to which this Act is applied.'

It is not clear whether he will hear cases of appeal. It is not known whether that is the object of inserting this clause. It is not clear whether he will only supervise the revenue side of the subject, that is, whether the amount to be collected has been collected or whether it is in arrears; whether it is *all* the function of the Commissioner, it is not clear. If he is to hear appeals also, that point ought to be made clear. That is another point I submit to Government.

"Another point I wish to state is with reference to clause 23, where the procedure is described regarding confiscated tobacco. There, it is stated, that if the tobacco seized is required as evidence in a case in which the person is to be tried before a magistrate, the tobacco might be sent to the magistrate. Here, Sir, I say there is a peculiar procedure, with which I do not agree. Sir, I am not myself an authority in jurisprudence, nor am I a maker of law; much less, one who understands legal difficulties. But I say this from the standpoint of a common person who can think of what natural justice is. In this connexion I am reminded of an old proverb in Urdu, which runs thus: '*Muddai susth, gawa chusth*,' which means 'the plaintiff is sleeping but the witness is active.' If the person is hauled up before the magistrate for one of these offences mentioned in the Bill, I can understand the confiscated tobacco being forwarded to the magistrate after the launching of the prosecution, as the tobacco may then be necessary for purposes of evidence. But I cannot understand the confiscated property being sent for custody to the very person who will later on turn out to be the trying authority. To do so will prejudice the mind of the magistrate before whom the alleged culprit is to be hauled up. I feel it is doing sheer injustice to send the articles to the magistrate even before he receives the complaint. There is absolutely no difficulty in getting the article seized for purposes of evidence being sent to the Collector, as the Collector is the custodian of such articles.

"Then, Sir, as regards clause 30, this is how the clause runs:—

'(1) No suit, prosecution or other proceeding shall lie against any officer or servant of the Provincial Government, for any act done or purporting to be done under this Act, without the previous sanction of the Provincial Government.'

This proviso in the end 'without the previous sanction of the Provincial Government' is no doubt necessary as a proper safeguard. We certainly want to know what it means. Does it mean that the sanction will be accorded without any loss of

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time, for if it involves delay, it will mean, 'justice delayed is justice denied'? Such cases of previous intimation are contemplated in *other Acts of the Legislature. For example,* in the Income-tax Act if a party feels that he has not been correctly assessed by a particular income-tax officer, then the aggrieved party has, before he sues the Secretary of State, to give notice to the Government of three clear months before he actually sues the State. In the case of the tobacco tax, I do not think the previous sanction of the Provincial Government is necessary. For it is quite probable the Collector may be having frequent occasions to come into contact with the licensees in respect of other taxes and other various matters of getting revenue and in the course of general administration, and so it is very probable that he might have approached the question in quite a different way than the usual method. It is quite possible that his previous contact with the licensee might have prejudiced his mind and created in him an ill-feeling against that particular person, and consequently his order might have been wrongly made. Naturally a remedy must be open to the aggrieved party through a court of law. And if the aggrieved party is to get the sanction of the Provincial Government, the question is, 'Will that be accorded to him in time and accorded in such a manner as not to inconvenience the aggrieved party or dislocate his affairs, so that the very purpose of seeking the remedy through the court of law may not be defeated?' For in the field of administration of law, the relief lies in the administration of law at the proper time. Therefore, my own humble submission, Sir, is, that instead of the words 'without the previous sanction of the Provincial Government' if the Bill simply says, 'that no prosecution shall lie until after a lapse of two or three months' notice of intention to sue', if this idea is incorporated, I think it will relieve to a certain extent the aggrieved assessee."

* **V. S. T. SHAIK MANSOOR THARAGANAR SAHIB BAHADUR** :— 3-4 p.m.
"மேன்மை தங்கிய **Speaker** அவர்களே, புகையிலையின்பேரில் வரி விதிக்கக் கூடாதென்று இந்த மாகாணத்துப் புகையிலை வியாபாரிகளும் புகையிலையை வாங்கி உபயோகிக்கும் மகா ஜனங்களும் பொது கூட்டங்கள் போட்டும், கடைகளை அடைத்து ஹர்த்தால்கள் செய்தும் கவர்ன்மெண்டுக்கு தாது கூட்டங்கள் மூலம் தங்கள் தங்கள் வெறுப்பைத் தெரிவித்தும் ஒன்றையும் கவனியாது சட்டமாக்கவேண்டுமென்ற ஒரே நோக்கத்துடனிருப்பது இந்த கவர்ன்மெண்டு சரியானபடி பொது ஜனங்கள் போக்கைக் கவனிக்கவில்லை யென்று சொல்லவேண்டும்.

"மேன்மை தங்கிய **Speaker** அவர்களே, காங்கிரஸ் ஆட்சி ஏற்பட்ட பின், மாகாண சர்க்கார் சடன் 6 கோடி ரூபாய் வரை அதிகரித்து வரிகளுக்கு மேல் வரிகள் கூத்தாடுகின்றன. மதுவிலக்குத் திட்டம் அமுலுக்கு வந்திருப்பதால் வரிகள் போடாமல் என்ன செய்வது, என்று சொல்லப்படுகிறது. ஏராளமாயுள்ள சம்பளங்களையும், ஏராளமாயுள்ள நிர்வாகச் செலவுகளையும் ஒழிக்க காங்கிரஸ் மந்திரி சபை உடனே வழி தேடவேண்டும். **அகில இந்திய சர்வீஸ் சம்பளங்களைக் குறைக்க முடியாதென்றும்,**

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அதைக் குறைக்க முடியாதபடி மத்திய சர்க்கார் செய்து விடுகிறார்களென்றும், சர்க்கார் நிர்வாகச் செலவைக் குறைக்க மார்க்கம் இல்லையென்றும் காங்கிரஸ் மந்திரிகளா சொல்லுவது ? அப்படிச் சொல்லுவதற்கு அவர்களுக்கு வெட்கம் இல்லையா ? இடைக்கால மந்திரிகளும் முந்தின Justice நிர்வாகிகளும் இவ்விதம் தானே சொல்லி வந்தார்கள். அவர்கள் சொல்வதற்குப் போதிய காரணங்கள் இருந்தன. அவர்கள் காலத்திலிருந்த கவர்ன்மெண்டுக்கும் இப்பொழுதிருக்கிற கவர்ன்மெண்டுக்கும் எவ்வளவு வித்தியாசம் இருக்கிற தென்பது வெள்ளிடை மலைப்போல் தெரிந்த விஷயம். அப்போதைய கவர்ன்மெண்டார் தங்களுக்கு இருந்த அதிகாரத்துக்குத் தக்கபடி ஜனங்களுக்கு எவ்வளவோ உதவி செய்து வந்தார்கள். அவர்களுக்கும் காங்கிரஸுக்கும் வித்தியாசம் வேண்டாமா ? புதிய சீர்திருத்தத்தை உடைப்பதாகப்போன காங்கிரஸ் மந்திரிகள், தங்கள் வேலைக்கு மேலான தடை ஏற்பட்டால் ராஜிநாமா கொடுப்பதென்று ராஜிநாமாக் கடிதத்தை சேப்பில் போட்டுக்கொண்டிருப்பதாய்ச் சொல்லும் காங்கிரஸ் மந்திரிகள், இப்பொழுது நம் மாகாணத்தவர்களை மிரட்டி ஆங்கிலேயர்களிடம் பணிந்து நடப்பது எங்ஙனம் ?

" காங்கிரஸ் மந்திரிகள் கொண்டுவரும் வரி மசோதாக்களுக்கெல்லாம் மதுவிலக்கு நஷ்டம் என்றே சமாதானம் கூறப்படுகிறது. மதுவிலக்கு நஷ்டம் எவ்வளவு ? 52 லக்ஷம் தான். இதற்கு சிறு துறைமுக நிதியிலிருந்து 42 லக்ஷமும் நாட்டுச் சாராயத்தின்மீது உயர்த்திய வரியில் 10 லக்ஷமும் கிடைத்தபின் நஷ்டம் எது ? மத்திய சர்க்காரிடமிருந்து வருமானவரி வகையில் 25 லக்ஷம் கிடைத்துவருவதும் உத்தியோகஸ்தர்கள் Commutation-ஐ நிறுத்தியதில் 10 லக்ஷம் மிச்சப்படுவதும் மின்சார வரியில் 15 லக்ஷம் உபரி கிடைத்ததும் மதுவிலக்குப் பெயரால் பல ஸ்கூல்கள் மூடப்பட்டு வந்ததில் செலவு குறைந்ததும் எந்தத் திட்டம் விழுங்கியது ஐயா ? Petrol வரியிலும் தமாஷா வரியிலும் வசூலிக்கும் வருமானத்தை எந்த திட்டம் விழுங்கப் போகிறது ? குடியை விடுவது யார், வரிகளைக்கொடுப்பவர் எவர் ? மூன்று ஜில்லாக்களில் மது விலக்கு என்றால் மாகாண முழுவதும் வரிகள் நடமாட்டமா ? மதுவிலக்குத் திட்டத்தின்பேரில் ராஜாஜி மேன்மை தங்கிய முதன் மந்திரியாரவர்கள் போக்கைப் பார்த்தால், கல்வி, கைத்தொழில், வர்த்தகம், வியாபாரம் ஆகியவைகளுக்கு அது பெரிய சனியன் போல் தென்படுகிறது. மதுவிலக்குத்திட்டம் இஸ்லாத்தை அனுசரித்ததென்றும், ஒரு முஸ்லிம் அதின்பேரில் குணதோஷம் சொல்லக்கூடாதென்றும் தெரிவிக்கப்படுகிறது, அது வாஸ்தவமே. இந்த மாகாணத்துக்குத் தகுந்தபடி கொஞ்சம் கொஞ்சமாக செய்யவேண்டிய வேலைகளை விட்டு ஒரே அடியாய் ஜனங்கள்மேல் வரிக்கு மேல் வரிப்போட்டு அதனால் இம்மாகாணத்தின் செல்வத்தைப் போக்க யத்தனித்திருப்பது அவ்வளவு சரியல்ல, அது எதைப்போலிருக்கிற தென்றால் இந்த மாகாண வாசிகளை ஒருமிக்க ஒரு ஓட்டைக்கப்பலில் ஏற்றி வங்காளக்குடாக்கடலில் அழுத்தி, வரி மேல் வரிப்போட்டு ஆண்டிகளாக்குவதாயிருக்கிறது.

" மேன்மை தங்கிய Speaker அவர்களே, இது வரை படித்தவர்களுக்குள் தான் வேலை யில்லாத்திண்டாட்டம் இருந்து வந்திருக்கிறது. புதிய, புதிய வரித்திட்டங்களைக் கவனித்தால் இனிப்படிப்பு இல்லாதவர்கள் இடையிலும் அதாவது விவசாயிகள், தொழிலாளர்கள், வியாபாரிகள் மத்தியிலும் அது வேகமாய்ப் பரவலாமென்று தோன்றுகிறது. நமது மாகாணத்தில் காங்கிரஸ்காரர்கள் பதவி கிடைக்காமல் தெருக்களில் திரியும்போது, அதாவது 1935-ல் கூடாது என்று எதிர்த்து பொது ஜனங்களின் ஆதரவைப்பெற்று இந்தப் புகையிலை வரியை அப்பொழுது இருந்த கவர்ன்மெண்டாரைப் போடவிடாமற் செய்து, 1936-ல் தேர்தலில் வெற்றி பெற்று, இந்தப் புகையிலைவரி மசோதாவை இப்பொழுது காங்கிரஸ் கவர்ன்மெண்டாரவர்களே புதுப்பித்து, 1939-ம் ஹு மார்ச்சு மீ 21-ல் கெஜெட்டில்

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[V. S. T. Shaik Mansoor Tharaganar Sahib Bahadur]

வெளியாக்கி அடுத்த 10-வது நாள் 1939-ம் ஞு மார்ச்சு மீ 31-ல் சட்டசபைக்குக் கொண்டுவந்து பரிசீலனைக்கு Select Committee-க்கு ஒப்புவித்துள்ள விஷயம் பிரசித்தமாகும். அது சில சிலக்கு மாறுதல்களுடன் 1939-ம் ஞு ஏப்ரல் மீ 24-ல் திரும்ப சட்டசபைக்கு வந்து சட்டமாக விவாதத்தில் இருந்து வருகிறது. இதைப் புகையிலை வரி மசோதா வெளியான கெஜட்டை வாசித்துக்கேட்டால் அது தெளிவாக விளக்கமாக இல்லாதிருப்பினும், அதைப்பற்றி 1939-ம் ஞு ஏப்ரல் மீ 10-ல், திருச்சி புகையிலை சங்கத்தார் விளக்கிய விண்ணப்பத்தில் அரசாங்கத்தார் நோக்கம் பணம் வசூலிப்பது மட்டுமல்ல, புகையிலை விவசாயம், புகையிலை வர்த்தகம், புகையிலைக்கைத் தொழில் ஆகியவைகளை ஒழிப்பதும் அரசாங்கத்தார் நோக்கமென்றும் தெரிய வருகிறதென்று, கண்டுள்ள விஷயம் உண்மையாகும். ஆயிரக்கணக்கான வர்த்தகர்களுக்கும் விவசாயிகளுக்கும், பதினாயிரக்கணக்கான சிறிய கடைக்காரர்களுக்கும், லக்ஷக்கணக்கான கூலிகளுக்கும் இது பாதகத்தை உண்டாக்கும். இந்தப்புகையிலை வரி மசோதாவில் சம்பந்தப்பட்டவர்களுக்குச் சரிவரத் தெரிவித்து அவர்களின் அபிப்பிராயங்களை அறியாமல் அவசரம் அவசரமாகச் சட்டமாக்கத் துணிவது பொருப்பு வாய்ந்த சர்க்கார் செயலாகுமா ? Budget-ல் துண்டு விழும் 17½ லக்ஷத்துக்கு பெட்ரோல்வரியும், தமாஷா வரியும் சட்டமானபின் எந்தக்குடி முழுகிவிட்டதென்று இதற்கு இவ்வளவு துரிதம் ? நம்மாகாணத்தவர்களிடத்தில் யதேச்சாதிகாரம் செய்ய இதுதான் வழியா ?

" இம்மாகாணத்தில் தோன்றிய வரிகளில் புகையிலைவரி Bill-ம் சாமான் விற்பனைவரி மசோதாவும் பெரிய சனியன்களாகும். மதுவிலக்குத் திட்டத்தால் மூன்று ஜில்லாக்களில் பலர் வேலையற்றுப் போகிறார்கள். இந்த வரி மசோதாக்கள் சட்டமாக ஆனால், இன்னும் அநேகர் வேலை கிடைக்காது நடுத்தெருவில் திரிவார்கள். இந்த வரிகள் வசூலுக்கு சர்க்காருக்கு ஏராளமான பணச் செலவும் ஏற்படும். அதுவுமல்லாமல் லஞ்சப்பேயும் தலைவிரித்தாடும். மேலும் வர்த்தகம், விவசாயம், கைத்தொழில் ஆகியவைகள் குன்றி சர்க்காருக்கு வருமானமும் குறையலாம். இவைகள் சர்க்காருக்குத் தொந்திரவும் காங்கிரஸுக்குக் கேவலமும் அல்லவா ? ஆகவே, இம்மசோதாக்களை நழுவ விடாவிட்டாலும் சட்டமாக்காமல் அடுத்த வருஷத்துக்குத் தள்ளி வைக்கலாம். அப்படிச் செய்யாமல் ஊர் ஊராய்ப்போய் வர்த்தகர்களுக்கும், விவசாயிகளுக்கும், தொழிலாளிகளுக்கும், முதலாளிகளுக்கும், நகர நாட்டுப்புற வாசிகளுக்கும், விற்போர்களுக்கும், உபயோகிப்போர்களுக்கும், சுதேச பரதேச வியாபாரிகளுக்கும் வெவ்வேறாக ஆளுக்கு ஒரு சமாதானம் கொடுத்து பலஹீனர்களிடம் ஒரு மாதிரியும் பலசாலிகளிடம் இன்னொரு மாதிரியும் நடத்துவது விபரீதப் போக்காகும். இது காங்கிரஸுக்குக் கேடுகாலம்தான் என்று சொல்லவேண்டும்."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR :—" Mr. Speaker, I hope it will not be considered improper if I do not find it possible to offer my congratulations to the Hon. the Premier on bringing the Bill to the third reading stage of discussion. Sir, it is with a certain amount of disappointment that I have to speak on the third reading of the Bill, and let me assure the Hon. the Premier and the Members sitting opposite, that it is not with the intention of mere opposition that I am opposing the third reading.

" Sir, I can assure them that so far as the discussion of this is concerned, I have kept my conscience absolutely clear. I do not oppose the various provisions contained in this Bill simply

because I want to oppose the Government. As I said on some other occasion, I was not opposed to taxation on tobacco as such. I realize that the Government have lost a considerable amount of money in inaugurating the policy of Prohibition in our Province, and it is but natural on the part of the Government to have come forth with certain fiscal measures. But what I objected to were certain obnoxious features in the Bill which unfortunately were not deleted during the time when we took the Bill clause by clause. Sir, I had given notice of certain amendments which sought to reduce the rates of taxation so far as the wholesale dealer and the retail dealer were concerned. But, for reasons best known to the Hon. the Premier, those amendments could not be accepted and they were therefore rejected. Sir, I assure the Hon. the Premier through you, that if I object to these rates even now, it is not with a view to embarrass the Government by reducing the rates to such an extent as to make it impossible for them to raise any revenue under this Bill. If I may speak out my mind, I may say, Sir, that my attempt to get the rates reduced is based upon the same principle which is adapted by the Government in the General Sales Bill.

" The Government in that measure exempted all those dealers from taxation whose annual turnover is less than Rs. 10,000. The exemption was intended to give relief to the poor dealers. Otherwise there was no reason why they should not have been called upon to pay their own share in this scheme of taxation. Consistent with this policy, it should be the duty of the Government to give the same relief to poor dealers in tobacco as well. But to our dismay we find that the Government are not prepared to give up their unsympathetic attitude in respect of these dealers. Even the reduction of 2 per cent to one per cent in the case of the wholesale dealers and the reduction of 10 per cent to 2 per cent in the case of the retail dealers would not be agreed to.

" Sir, in this measure, the provisions have been passed. With what result? The result is that even a poor retail dealer who sells tobacco of the value of Rs. 2 per month or even Re. 1 per month has got to pay a tax of 8 annas per month. A tax of Rs. 6 per year on a retailer whose turnover does not exceed Rs. 100 means that he has got to pay a tax of 8 annas per month whatever his turnover might be, from 1 pie up to Rs. 8. Apart from the difficulty of the poor man paying the tax there is every possibility of his being harassed by the Tobacco officers or other officers. The officer may throw the burden of proof on the poor retail dealer to show that his turnover does not exceed a particular figure for purposes of assessment. If the retail dealer is not able to prove that his actual turnover does not exceed Rs. 100, then he has got to pay the assessment that is going to be levied on him by the officer.

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"That is a serious difficulty. If the poor retailer wants to escape from this difficulty, he will have to do one thing. He Will have to keep accounts. Sir, may I ask the Hon. the Premier whether he expects that all these poor people who sell tobacco in petty shops, whose monthly income does not exceed Rs. 8, to be educated enough to maintain accounts to be shown for purposes of assessment? I am afraid, Sir, that these poor retail dealers of our villages are not up to that standard of maintaining account books in order to escape from a higher tax. This difficulty is bound to occur in the actual working of the provisions.

"There is another matter about which I wish to speak upon. I understand that the Government contemplate to give relief to the poor agriculturist by perhaps reducing his land revenue burden. It may be with that view that the Government want the money under all these fiscal measures. The object of the Government may be quite laudable. I have nothing to say against it. But to raise money at the expense of the poor in the town in order to give relief to the poor in the village is not a sound policy after all, because there is a sort of invidious distinction made between the poor villager and the poor townsman. I would however like to know the nature of the measures contemplated by the Government to relieve the burden of the agriculturists.

"It has been said by the various speakers during the discussion that the dropping out of the monopoly has conferred a great benefit and advantage on the dealer in tobacco. I have already submitted that I am one of those speakers in congratulating the Hon. the Premier for dropping out monopoly. But what is the substitute? The substitute is not as happy as one would wish it to be. No doubt the dangerous system of 'monopoly' vend has disappeared. The amended Bill provides a new boat with festoons and with all sorts of coloured flags and the poor tobacco dealer is left in this new boat of the Tobacco Bill. But may I respectfully point out to the Hon. the Premier that this new boat, unfortunately is very leaky? (Laughter.) So far as the tobacco dealer is concerned, whether he is a retail dealer or a wholesale dealer, I am afraid the chances are that instead of having a safe passage over the sea he will have to go to the bottom of it.

"It is not my idea at this stage to make a lengthy speech condemning the provisions of the Act, but as I said in the very beginning, I must express my deep dissatisfaction over the manner in which the important amendments were lost one by one. I expected, Sir, that the Government would find it possible to accept amendments which aimed at giving adequate relief to the poor dealers in tobacco. But for reasons best known to themselves the Government have not found it possible to do so and for this the Government take all the responsibility."

Mr. Speaker called upon the Hon. the Prime Minister to reply.

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I was looking for the Leader of the Opposition, Sir."

MR. SPEAKER:—"The Leader of the Opposition has delegated his function to Mr. Schamnad Sahib for an eloquent address."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I was not aware of it, Sir. I must thank Mr. Schamnad Sahib for the very appreciative attitude that he showed and if he really had delegated authority from the Leader of the Opposition, I have reason to congratulate myself and the Government all the more.

"With regard to what has fallen last from Mr. Abdur Rahman Khan Sahib, he will excuse me if I say that I did not really imagine for a moment that the uttermost satisfaction that prevailed in his mind in the Select Committee would suddenly end in so much disappointment in the Assembly."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"I thought that my satisfaction in the Select Committee was a secret from the House."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"But I was going to say that indeed there must be very strong reasons or very grave errors committed for his sudden disappointment. I had in fact prepared to thank him particularly on the floor of this House for the co-operation he rendered there and in fact he deprecated any discontent in regard to the terms of the Bill among other members. I do not say that this is wrong. Therefore, I must examine all the more carefully why a gentleman who had expressed openly, satisfaction with the measure as it came on to the Committee should suddenly turn round and exhibit so much disappointment. I was therefore carefully listening to all his objections with particular care on that very ground to see if there was any substantial reason.

"As I understand the measure—I am not a man in the business; therefore, I may fail to understand some things and that is why I say 'as I understand the measure'—it comes to this: that tobacco is treated as a special article and not treated as one of the many articles falling under the ordinary General Sales Tax. It is subjected to a much heavier tax than the general commodity. That is the essential of this measure, because it is thought that it is a special commodity which can bear this tax. If that is not granted, the Bill is wrong, I admit. But when once that is granted, like electricity or motor-spirit or drinking spirits, or other

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special articles, if tobacco can be classified as a special taxable article, the Bill is right. If tobacco falls in the list of sugar, rice and chillies, then this tax has no justification. I admit that. *Proceeding on the basis, as admitted, that tobacco can be* specially taxed, let us examine what this Bill proposes to do. Every one who sells snuff, bidis, cigars, cigarettes, cigarette tobacco or pipe tobacco which the consumer himself rolls into a cigarette or puts into his pipe and cheroots, any one who sells these articles or any of these articles should take out a licence if he sells in retail and he has to pay a tax, a turnover tax. Anyone who deals in mere leaf or in tobacco in the ordinary village farms need not pay any tax and need not take out any licence. I say this for this reason now, because much has been said in the propaganda for and against this Bill which covers the matter in a very vague manner, excites people to anger and even invites such speeches as what Mr. Mansoor Tharanganar just now read. It is calculated to excite people to all kinds of exaggerated apprehensions. That is why I take the trouble now to weary the members of the House with these facts which must be plain to them. Nobody who deals in any form of tobacco other than bidis, snuff, cigars, cigarettes, cheroots, cigarette tobacco and pipe tobacco sold in beautiful tins and in beautiful packets—that is, who deals in any other form of tobacco—has anything to do with this Bill except certain wholesale dealers who have to take out licences. The retail dealer has nothing to do with these things.

"Then, those retail dealers who deal in bidis, cigarettes, cigars, cheroots, etc., if they are small village dealers whose business does not extend to more than, say, half a rupee a day or just a little above that, will be classed in the lowest class. They will have to pay what amounts in the average to 1 pie in 3 annas. For every 3 annas sale of tobacco—bidís, cigarettes and the like, the man will have to pay to the Government 1 pie in 3 annas. This is the lowest tax. If he is a bigger dealer than that, if his business does not extend to more than Rs. 30 a month, that is, if it falls within about Re. 1 a day, he will have to pay 1 pie in 1 anna. That is the tax that we propose to levy. And, if anything more has been said by anybody it is an untruth. The tax that the Government want to levy from the small dealer is only 1 pie in 3 annas and from the slightly bigger dealer than the small dealer it is 1 pie in 1 anna. But, if a man's business is more than that, if he sells for more than Rs. 30 a month, if the dealer deals in these forms of tobacco—cigarettes, cigars, cheroots and the like—he will have to pay at 10 per cent. I may say it is one pie in one anna—roughly, 10 per cent comes to that. I made a slight mistake when I said it was 1 pie in 1 anna for the small

dealer who sells for less than Rs. 30 a month. It would come to the same, that is 1 pie in 3 annas for both of them. The retail dealer who does not sell for more than 1 rupee a day pays only 1 pie in 3 annas. But if any retail dealer sells for more than Rs. 30 a month, that is more than Re. 1 a day, he will have to pay 1 pie in 1 anna. This is the tax—the turnover tax—that we have imposed.

"Put in another way it amounts to this: if he is a very small village dealer he pays half a rupee a month and if he is a small town dealer he is likely to pay 1 rupee a month for doing this small business. This is not a very iniquitous impost upon the retail trade of tobacco.

"With regard to what was stated about the wholesale dealers in these forms of tobacco and failure of the movers of amendments to reduce 2 per cent to 1 per cent, I can only say this—it would be wrong to call it crocodile's tears, but it is in a sense easy to understand it I use that expression, for this reason, because it is not they that suffer—the wholesale dealer does not suffer a bit whether it is 2 per cent or whether it is 1 per cent. It is in that sense I say that the tears are not their own, but somebody else's. It is in that sense that I was reminded of the crocodile's tears. There is no misery involved in the fact that we levy 2 per cent or 1 per cent from the wholesale dealer except to this extent that it goes to make the price of the article a little higher than it is.

"Now taking all that into account, let us look at it from a different aspect. Taking all these taxes into account, what will be the price of the articles such as bidis, cigarettes and so on? Hon. Gentlemen know their varying prices. A packet of cigarettes that has been selling at $2\frac{1}{2}$ annas cannot be sold for less than $2\frac{3}{4}$ annas or 3 annas hereafter. If a packet is sold at this rate, the dealer would be getting much more than what we have levied. He will be getting a bounty almost. Those who carry on this business will hereafter be getting a bounty. Therefore, this tax will be a small increase on the price of consumed manufactured tobacco and that increase will more than cover all taxes that have been imposed. Therefore, there is no reason for unhappiness over this Bill.

"Then Mr. Abdur Rahman Khan said that we are perhaps going to give great relief to the landholder or to the peasant and the cultivator or those who are engaged in agriculture and wanted to have an adumbration of the benefits that the agriculturist is going to receive. We have already set out our policy plainly enough. These taxes are primarily intended, to some measure, to make up a permanent and growing deficit that we have to face

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on account of our Prohibition policy. If we want Prohibition, we must ultimately lose from the State finances money up to the extent of four crores and a little more. Now, that is a growing and definite deficit which we have to meet. These taxes are intended to cover that gap. If we cover that satisfactorily, and if as my hon. Friends hope we are going to make 5, 6 or 10 crores, that money will be available and we shall certainly be taking the members opposite as well as members on this side of the House into confidence to discuss whatever good we can do with that money. That money will not be wasted, I can assure hon. Members. That money will be well used. Thanks to the excellent opposition that we have in this House, thanks to the very minute and elaborate criticism to which every Government measure is subjected to in this House and thanks to the fact that we do not use our majority, but we use our reason only in every measure, there is no doubt whatsoever that we shall have all the measures carefully and elaborately examined and the money will not be wasted on salaries or in idle and useless schemes. There is no doubt about that as long as there is a vigilant opposition and as long as there is a vigilant National Party sitting to criticize and to examine every measure which even the National Ministry is taking up. Therefore, nobody need be afraid that this impost will lead to an excess of revenue which will intoxicate the Government and lead them into wrong measures.

" Certain definite minor points were pointed out by Malang Ahmad Batcha Sahib in his own inimitable manner. He asked: 'Where are the provisions for appeals which you have elaborately provided for in the Sales Tax Bill and which I do not see in this Act?' Sir, I would have preferred it if he had proceeded further than what he did. In section 32 (2) (c), he would have found enough provision there for obtaining justice and fair play. It is not intended to make a petty licensing authority the master of the field entire and absolute. It is intended to provide for appeals and to provide for justice and fair play and equity. Let me assure hon. Members whose attention is fixed on the administrative provisions or on the rules, that this Government are fully alive to one fact more than anything else, that is, that these measures are taxation measures and that they must be acceptable to the country to whom they are responsible. Therefore the administrative arrangements for these taxes will have to be much more carefully drawn than in former days when there was not a responsible Government that were collecting these taxes. Therefore, it is inherent in our Government that we will have to provide for justice and equity in the administrative machinery and if there is any failure, or breakdown, no one will be more sorry that the Government themselves and they will have to revise those arrangements. So no one need be anxious with regard to the administrative machinery. It is not a despotic or abitrary Government that is going to

levy this tax; it is a Government responsible to answer every criticism and they will have to face leading articles, scurrilous articles and misrepresentations even and all sorts of exaggerated apprehensions even. And they cannot put people in prison without consulting everybody in the world. Therefore, nobody need be afraid that the administrative machinery will deteriorate. There need be absolutely no fear about it. It cannot in the very nature of things and in the very nature of the Government deteriorate like that. So, any taxation measure that the House grants in favour of the present Government is granted with this necessary condition that the administrative machinery will have to be very carefully created guaranteeing the rectification of all errors and apprehensions. If we fail, it is because all of us are subject to failure and it is because our country is what it is and we are what we are; it is not because we do not wish to have things carried through properly. Such being the measure, Sir, I do not think that there should be any objection to passing it.

" But, before concluding, let me complete the picture as to what the Bill is. I have already said what a retail dealer will have to submit to. With regard to the wholesale dealers in other forms of tobacco, not cigarettes, cheroots, bidis, etc., but in other forms of leaf tobacco or leaf prepared for further manufacture, these are not subjected to taxation as such. They are subjected by this Bill, only to a licence fee ranging from the tobacco dealer who has to pay Rs. 100 for his licence to a small dealer who has to pay Rs. 5 or Rs. 10 according to the size of his business. That will be the only levy upon such dealers. Manufacturers who will come under the Factories Act will pay Rs. 50 and if they sell, they will have to subject themselves to the wholesale selling tax. But the wholesale dealer in other forms of tobacco will fall within the mischief of the sales tax if we pass that Bill in this House and he will have to pay like the others who deal in the other commodities such tax as the House will impose upon all sales.

" These are the provisions of the Bill. I do hope that the Bill will be accepted without apprehensions and that it will not be misinterpreted to the people that the law will not be misinterpreted to the people and that the measures will be exactly and properly interpreted to the people so that good feeling and co-operation may grow in the country and not bad blood.

" Again, I wind up with this reiteration. Let it be understood and let it be remembered that a heavy tax on tobacco is not for the first time levied by us. It is a universal tax wherever there is a system of taxation prevailing. In England, just now I understand from my friend (Mr. N. S. Varadachari) who hands me

information that it has just been raised to 11*s* 6*d* per pound of tobacco. It is a heavy tax. As I said yesterday, 5-rupee worth of cigarettes will have to pay nearly £1 as tax before it reaches the man in the country. It is nothing new that a heavy tax is imposed. (Mr. Abdul Hameed Khan: 'It is, I believe, an emergency measure.') It has been there on the books for a long, long time. There is no emergency there; but we have an emergency here in that we have adopted a policy which England has not adopted, namely, giving up the revenue on drink, and it means loss of money and not money spent on cannons and munitions. It is certainly an emergency for this Province. I have not known that any emergency greater than this has overtaken the British Empire. A small Province like ours is losing four crores of revenue and there is no greater emergency than this.

"I only wish to make one explanation, Sir. In referring to the attitude of particular hon. Members who were on the Select Committee on this Bill, it was not my intention to disclose or to emphasize the proceedings of the Select Committee. I only wanted to explain why I did not imagine that we were doing anything wrong in this Bill; and the best evidence that we were not doing anything wrong is often the opinion and the spontaneous attitude that is displayed towards it by responsible members who take a vigorous part on the Opposite side. It is only in order to show that personal satisfaction that I referred to it, and not to show as if a Member is in the wrong if he held one opinion and changed it. I did not say so. I do not think that there is anything wrong in a man analysing his position over and over again and correcting a mistake if he finds one. I do not blame my hon. Friend Mr. Abdur Rahman Khan. But I do hope that his present disappointment is less real than his then satisfaction. That is all I can say. With these words I commend this Bill for the acceptance of the House and hope that the Government will get the co-operation of all sections of the House in administering the measure in the best manner possible."

The motion was put and carried and the Bill as amended was passed into law.

(2) THE MADRAS RESTORATION OF VILLAGE OFFICERS (*VALIDATION*) BILL, 1939.

* THE HON. SRI T. PRAKASAM:—"Sir, I introduce a Bill* to validate the restoration of village officers who lost their offices by reason of their association or connexion with political movements and move—

'*that the Bill be taken into consideration at once.*'

"The Statement of Objects and Reasons has set out the particulars. The Bill has been published in the *Fort St. George Gazette*. It is not in any way a controversial measure."

* Published in the *Fort St. George Gazette*, dated 4th April 1939.

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Mr. Speaker, I rise to speak on the motion made by the Hon. the Revenue Minister with regard to the validation of certain appointments which have been made and which the Government want to make in future. I do not intend to oppose the motion made by the Hon. Minister. I imagine and rightly presume also that the object of this measure is to restore certain lost appointments as they consider that some people have suffered by their removal. If that position is taken to be correct, which I believe is the chief reason which has made the Government come forward with this Bill, then I want the Government to realize the position of those persons who would now be thrown out of employment by this Bill.

" I should think that many of those who have been reinstated to their offices are those who were ousted from their appointments in 1931–1932 on account of their participation in the political movement at that time. Sir, I am told that those who were ousted in 1921–22 also on account of their participation in the Non-Co-operation movement have been reinstated, and my arguments are, therefore, still further strengthened by the Hon. the Revenue Minister's kind reference to this fact. So, I would submit that all persons who had been appointed to fill in vacancies in 1921–22 have been in office practically for seventeen years and have spent the best part of their life as village officers. I do not know who the new men who have just been reinstated are, or who the old men that were appointed in 1921 were. I am only pleading for these people from the point of view of justice and fair play—whether it be X, Y or Z—because they have spent the best part of their life as village officers till the year 1939 and they cannot get any new service or employment hereafter. So, if Government had come forward in this Bill itself with some other scheme by which they can provide appointments for those who have been in office all these years and who have just recently been ousted from their posts, it would have been very good. No doubt most of those who lost their appointments in 1921–22 and 1931–32 held them as hereditary appointments and the cause for restoring these hereditary appointments to such people is a very good cause. But what I ask the Government is that those who have been in office during the *interim* period should not be disturbed. It is not a small *interim* period; it is a number of years. That being the case, I should have liked the Government to have come forward with some scheme for providing employment to those people. If they had done that, probably I would not have had occasion to speak on this amendment. Government must only see that further hardship is not brought to bear on men who are now in service.

" Government would have seen the amendment given notice of by us. It is not a pucca amendment and it would not satisfy my purpose. I myself realize that it will not be possible at this stage for the Government to come forward with a scheme by which they

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could provide employment for those persons who have been ousted very recently. I do not think it would be possible for them to provide alternative employment to these people in the course of a few hours before which this Bill is going to be passed into law. So as the second best alternative we have tabled an amendment, notice of which we have already given, by which we ask the Government to give preference to these people in filling up the vacancies in case of absence of qualified heirs of the existing incumbents. I would like the Government to publish a list of all persons who will be thrown out of employment on account of the orders of Government and try to absorb them not only in the Revenue department but in other departments also. At present some of the village karnams and village munsifs are qualified to hold ministerial appointments under the Government. Some of them are even graduates and some are eligible for college courses, but all of them, I may say, are quite fit to hold ministerial appointments under the Government. I would not go into details. I would only request the Government to publish a final list of those who have been ousted from their appointments as village officers and keep a copy of that with them for their use. At the same time I may say, it is not possible to mention all the services in which they may be absorbed in this amendment itself. So, what we have in our mind and what we want the Government to do is that they should give to these people a chance to serve as not only village officers but also as officers in the Revenue department. Now after these taxation Bills become law, Government are going to entrust the collection of these taxes to the Revenue department, and these village officers may be appointed as officers for collecting these taxes, inasmuch as they have got very good experience in the work of revenue collection. I am sure the Hon. the Revenue Minister would like to give as much encouragement as possible to the village officers and I expect him to come forward with a proper scheme in due course. I hope, when this amendment, which we have given notice of, is taken up I shall have another opportunity of speaking on it. Now I say, while generally I do not object to the object of the Government that is envisaged in this Bill, I do urge on the Government to take the necessary steps to give appointments to those who will be affected by this measure."

* SRI KALA VENKATA RAO :—" I heartily thank the Government for having brought forward this measure for validating the reinstatement of those village officers who thought fit to resign their appointments or who were dismissed from them during the days of the Non-Co-operation movement or in the latter days of the Civil Disobedience movement or the Satyagraha movement when they responded to the call of the Congress. If you go into the records, you will find that the causes for dismissal in those days were very peculiar. I have got certified copies of orders of revenue officials issued in those days in my hands now, to show that the causes for dismissal in those days were very peculiar. A

gentleman, an ex-M.L.C. who was a member of the old Council for about six years and who was a village officer, was dismissed, because he did not attend a co-operators' meeting, a meeting held by the loyalists of the Government to support the Government in those days. The gentleman protested against this action and said that he could not be dismissed as the law laid down that he could not be dismissed for not attending a co-operators' meeting. But the Deputy Collector who went into this question simply says,—the gentleman who was dismissed and whom I am referring to is Bikkenna Venkataratnam who was a member of the old Council for about three years—' In reply to the letter sent by the particular village officer, he may be informed that he now admits that he is a non-co-operator. He is therefore dismissed.' And even his heirs were debarred from holding the appointment. That order of the late Government held good till very recently when this Government thought fit to reinstate him in his office.

" Sir, objection has been raised that these officers having been dismissed, there are no vacancies now and therefore you cannot reinstate them. Sir, as you can see from the wording of the orders that were passed in those days, you will find that they were dismissed only during their lifetime and anybody appointed in such a vacancy could only hold such appointment till the man who was dismissed dies or till an undivided member of his family claimed it during his lifetime. Those are the two conditions placed on every dismissal order. In view of the Congress policy of restoring the dismissed village officers to their original posts, these officers were restored to their original posts.

" Further, these dismissals were not based on any procedure. I may be just allowed to read to you one of the dismissal orders. It says: ' The village munsif's resignation is not accepted. He is summarily dismissed.' Even without enquiry, when a man resigned, he was dismissed. Even his heirs were disqualified from claiming the posts. The orders went also a step further. Even those who were acting as village officers were dismissed and their heirs were disqualified. And a more peculiar thing was that in 1922 the then Government thought fit to remove even the hereditary right of these officers who resigned. Fortunately that Act lapsed. In December 1923 about 20 people were dismissed and the present Bill introduced by the Hon. the Revenue Minister seeks to restore all those that were dismissed either under the Village Officers Act of 1895 or this peculiar Act of the Panagal's Government, Act I of 1922.

" I am glad that the hon. the Leader of the Opposition has nothing to criticize the Bill on principle. I am very glad for it, because he has come to realize that the people who responded to the national call have got a right to secure their original place when the particular movement is over, and they are free to be re-employed in their particular places. I am very glad that this

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measure is brought forward to validate the cases of those who have been restored recently and I do hope that the Government will be restoring the remaining cases also that are still pending with them at an early date.

"One more thing I wish to refer to. The hon. the Leader of the Opposition has argued that we should show some consideration to those who have been in office all these years and who are going to be displaced just now. I am afraid I must say that all these people came and took up these appointments when the whole village refused to take up such appointments. These people simply came from outside villages and took up the appointments simply with a view to harassing those who were in office previously. Therefore, these people need not have any consideration now. I am glad that Government have already, in their mercy, issued orders saying that whenever there were vacancies these people might be given preference. I do not think it is necessary to accept the amendment proposed. I once more congratulate the Government for their generous act of restoring these village officers. I think this example will give an impetus to the movement for which the Congress stands."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I most heartily welcome this measure as it is intended to validate all acts and orders of the Government by which they sought to restore the village officers to their original offices of which they were dispossessed during the Non-Co-operation days. I remember that in the then Legislature that was functioning during the period of this Non-Co-operation movement, it was brought to the notice of the Government that what they were doing was wrong, and if any class of people or any people were taking part in the political movement which was a national movement, it was wrong for the Government to dislodge these village officers who were acting in accordance with the wishes of the people of the village. Yet, the Government in the interests of administration and peace, and according to their own understanding of maintenance of law and order, thought that discipline should be maintained and therefore dismissed these officers. But we have now realized that what that Government did was wrong and was against national interests. After all, who are village officers if they are not people who are leaders of society in villages and they are not going to be guided by the opinion that is obtaining in villages? These officers acted according to the wishes of the people of the villages and so they were not entirely responsible for their action. I am glad that the Government by this measure are removing doubts which might have arisen in the minds of administrative officers in giving effect to the orders of the Government from time to time.

"So far as the fear entertained by the hon. the Leader of the Opposition is concerned, Government have made it clear by issuing an order to the effect that opportunities will be given to such

persons who are now thrown out whenever and wherever vacancies occur.

"Once again I heartily welcome the Bill."

*THE HON. SRI T. PRAKASAM:—"Sir, the question was
1. raised by the hon. the Leader of the Opposition that some provision must be made for those who have been displaced now on account of this restoration. So far as the Government are concerned, they have issued instructions that such people should be given chances as early as possible. There is nothing else for me to say now because the principle of the Bill has been accepted by all. It has been the policy of the Government to restore those officers who have lost their offices during the last seventeen or eighteen years. We have taken considerable time to examine those cases and issue orders from time to time after satisfying ourselves that all the conditions that have been imposed on this policy have been fulfilled. I do not think, Sir, I need detain the House any longer."

The motion was put and carried.

Clauses 2 to 4 were put and carried.

MR. SPEAKER:—"Does Mr. Schamnad propose to move his amendment*?"

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—"Yes, Sir."

MR. SPEAKER:—"It is not within the scope of the Bill. The preamble to the Bill clearly states that it is intended to restore village officers to their original posts. But this amendment introduces a clause which is repugnant to the spirit of the Bill. I therefore rule it out of order." [At this stage Kumararaja Muthiah Chettiyar of Chettinad rose in his place.] "I think it is very clear."

Clause 1 was put and carried.

The preamble was put and carried.

THE HON. SRI T. PRAKASAM:—"I beg to move—

'*that the Bill be passed into law.*'"

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Sir, I am in a very, very difficult position. After the ruling which you have given I am not in a position to speak about a point of order which I wanted to raise. If an opportunity had been given to me earlier I would have made a submission to you, Mr. Speaker. But now I am not entitled to speak about your ruling.

New Clause 5.

* KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—*Add the following as a new clause 5:—*

'5. Village officers who are replaced in pursuance of the direction contained in section 2, shall be given preference in future vacancies either temporary or permanent, in the absence of qualified heirs of the existing incumbents.'

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But of one thing, I am certain. I think I may say I feel very strongly with regard to the point that I stressed in my speech on the motion made by the Hon. the Revenue Minister for the consideration of the Bill. Every one would have realized how reasonable I then was. Even Mr. Kala Venkata Rao could not resist the temptation to congratulate me on the most reasonable attitude that I took on this measure. 'What is the object of this measure?' I want to ask the Government and hon. Members of this House? It is to remove certain inequalities. It is to remedy certain hardships caused by certain disabilities. Those who have lost their appointments owing to certain reasons suffer and therefore the Government want to restore them to their offices. But I ask in all sincerity, 'Will it be fair for the Government to oust those persons who have been there for the last eighteen years and not provide for them elsewhere?' I do not claim any hereditary appointments for them. I only want that they should be given ordinary appointments. As I said earlier in the debate, I am not now speaking on behalf of *X*, *Y* or *Z* whom I do not know. But I sincerely feel that it will be a great catastrophe and it will be an utterly unwise policy if the Government do not provide for these people. This Bill makes no provision for them. When the Government can go to the extent of providing employment for people who are unemployed, certainly they could, if they had only intended, have made the necessary provision in this Bill itself for giving employment to people who will be ousted from their jobs."

MR. SPEAKER :—" The title of the Bill is the Madras Restoration of Village Officers (*Validation*) Bill."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" Of course the Bill is intended to validate certain acts done by the Government, but it also arms the Government with powers to pass certain orders in the future, so far as I can read the Bill. I am entitled to put such interpretation on the Bill as I like. Therefore, Sir, I feel that it would be entirely wrong on our part if we allow the motion for the third reading of the Bill to be passed without a strong expression of our views on this point.

" Sir, it is very, very unfortunate that the Government have not placed before the House a Bill which makes provision for giving appointments to those who will be ousted from their offices now. If the Government had come forward with a proper scheme and embodied it in the Bill itself, I am sure it would not have necessitated the Hon. the Speaker ruling out of order the amendment which was sought to be moved on this point. I think, Sir, that you ruled that amendment out of order because the original Bill did not contemplate that appointments should be given to persons who would be thrown out of office. We were thinking we could provide for them. I now put the blame on the Government for not having made proper provision for people who are going to

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lose their appointments. The Government have failed in their duty by such people. Sir, I ask the Government now to come forward with another Bill for providing employment for all these persons. I suggest that on the 8th May when we meet again the Sales Tax Bill should not be the first item on the agenda but a Bill for this purpose should be the first item. I promise to give my wholehearted support to such a measure if the Hon. the Revenue Minister comes forward with such a Bill on the 8th May. I have made quite a strong plea, Sir, but I am justified in making that plea when I see the manner in which this Bill has been brought forward and discussed on the floor of the House."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Sir, inasmuch as this is a Bill intended to validate certain acts of the Government done from time to time with a view to restoring to their offices certain village officers who lost their appointments during the Non-Co-operation movement, there is no room in this Bill for making provision for giving appointments to those who will be thrown out of employment hereafter. It is not possible for the Government to introduce that aspect in this Bill. At the same time I can appeal to the Government to see the justice of the plea that has been put forward by my hon. Friend, the Kumararaja of Chettinad. Of course we are now restoring officers who were dispossessed of their offices by one Government. When we are doing justice to one set of people, we are incidentally doing injustice to another set of people who have been holding these appointments for so long, rightly or wrongly—they are not responsible for it and they have been there for years and years and they have acquired a certain right to their appointments. And all the circumstances generally surrounding a permanent appointment have been there. Therefore, we will be doing but bare justice to these people who have been there all these years, rightly or wrongly, if we give them priority in future appointments."

* THE HON. SRI T. PRAKASAM:—" Sir, all are agreed on the principle of this Bill. What is suggested is that another Bill should be introduced to protect those who are dispossessed of their offices now. The hon. the Leader of the Opposition and Mr. Hameed Khan did not realize the distinction between legislation and administration. If we have to introduce a Bill to make some provision for those who have been dispossessed now, there will be no end perhaps to the number of Bills that would be demanded of the Government hereafter. We have already taken certain steps with regard to those who have been dispossessed. Although they have no right to assert, in view of the fact that they have been serving there during all this period we have already given instructions that preference should be given to them in future appointments and that early chances should be given to them. The only point of difference between hon. Members and ourselves is whether a Bill should be introduced and passed into law for

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this purpose. I submit, Sir, that it is impossible to think of introducing a Bill and under these circumstances no Bill is necessary at all. Whatever is possible to do administratively will be done by the Government. We have always been anxious to see 5 P that what we do is reasonable and just not only to those who had been dismissed under extraordinary circumstances but also to those who have lost their acting offices under extraordinary circumstances. It is unnecessary to go into details now. Almost all the hon. Members of the House may remember the time, the occasion and the circumstances under which these men who had served the country not in a violent struggle but in a non-violent struggle lost their appointments and understand why these people should be restored. It has been done already and I must thank hon. Members who have accepted that principle and they could have also seen that whatever is necessary to protect the interests of those who have been removed from their acting places now has already been done. Therefore, I submit, Sir, that the Bill should be passed into law."

ABDUL HAMEED KHAN SAHIB BAHADUR :—" On a matter of personal explanation, Sir. I am sorry that the Hon. the Revenue Minister misunderstood me when he said that I did not make any distinction between law and administrative action. I was very careful in stating. . ."

* THE HON. SRI T. PRAKASAM :—" I am sorry I mentioned the hon. Member's name along with the name of the Leader of the Opposition."

The motion was put and carried and the Bill was passed into law.

(3) THE MADRAS CHILDREN (AMENDMENT) BILL, 1939.

THE HON. DR. P. SUBBARAYAN :—" Mr. Speaker, Sir, I now beg to introduce the Bill* further to amend the Madras Children Act, 1920, for certain purposes and move—

'*that the Bill be taken into consideration at once.*'

" The reasons why these amendments are wanted are found in the Statement of Objects and Reasons itself. To put them shortly, some difficulties have been found in giving effect to the intentions of the Act. As is stated in the Statement of Objects and Reasons, when pupils who have been put into custody have to be released when they get some appointments, they have to get the orders of the managers of the schools. By the time the orders are received, the appointments secured for pupils are filled up otherwise. In order to avoid any delay, it is necessary to give the necessary power to the Chief Inspector of Certified

* Published in the *Fort St. George Gazette*, dated 4th April 1939.

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Schools. Secondly, there is the question of the Chief Inspector himself acting at his own instance without reference to the Government in certain cases, though a provision has been made that he should notify the Government of any changes. The ultimate power is still vested in the Government. Hon. Members will see that the Chief Inspector is given the power to act under clauses (*a*) to (*d*) of section 35 (2). In certain cases it is found necessary for this Government to adopt the practice adopted in Bombay. Courts do send children from one Province to another and it is found necessary to make provision to transfer children to schools situated in their Provinces."

The motion was put and carried.

There being no amendments, the whole Bill was put and carried.

THE HON. DR. P. SUBBARAYAN:—" I now move—

'*that the Bill be passed into law.*' "

The motion was put and carried and the Bill was passed into law.

III.—RESOLUTION.

MOTION *re* AMENDMENT TO SCHEDULE V TO THE MADRAS LOCAL BOARDS ACT, 1920 (MADRAS ACT XIV OF 1920).

THE HON. SRI B. GOPALA REDDI:—" Sir, I move—

'*that the following draft of a rule proposed to be made by His Excellency the Governor of Madras under section* 201 *of the Madras Local Boards Act,* 1920 (*Madras Act XIV of* 1920), *altering Schedule V to that Act be approved:*—

Draft Rule.

" *In sub-rule* (2) *of rule* 8 *of Schedule V to the Madras Local Boards Act,* 1920 (*Madras Act XIV of* 1920)—

(i) *in clause* (*a*) *for the words* '*with the sanction of the District Board*' *the words* '*with the sanction of the Inspector of Local Boards*' *shall be substituted; and*

(ii) *in clause* (*b*) *for the words* '*with the sanction of the district board and subject to such conditions as to security or otherwise as the district board may lay down,*' *the words* '*with the sanction of the Inspector of Local Boards and subject to such conditions as to security or otherwise as he may lay down*' *shall be substituted.*' " ' "

The motion was put and carried.

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IV.—MOTION *RE* ELECTION OF MEMBERS TO THE PUBLIC ACCOUNTS COMMITTEE.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, I beg to move—

> '*that with reference to rule 134 of the Madras Assembly Rules, this Assembly do proceed, on a date to be fixed by the Hon. the Speaker, to elect nine members to be members of the Committee on Public Accounts for the next session of the Madras Legislative Assembly.*'

" I do not think I need say anything more than this, that it is only hereafter that this Committee will have real work."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" May I ask the Hon. Prime Minister how many times this Committee met in the last twelve months? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, with reference to the financial year with which we are concerned, it is only hereafter that we will have any real business. That is why I made the statement. It depends upon the time at which the Appropriation Accounts will be ready, at which the Audited Accounts will be ready. We think that it is only hereafter that this Committee will have work "

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" Am I to understand that the Committee which was elected fifteen months ago has not met even once and that it had no work at all till now? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" The work that is allotted to the Committee under the rules can begin only when the accounts are ready."

MR. SPEAKER :—" The agenda says that the members of the Committee on Public Accounts *for the fourth session* of the Assembly, should be elected. I think it should be ' for the next session ' instead of ' for the fourth session.' "

THE HON. SRI C. RAJAGOPALACHARIAR :—" It is stated in the rules that the members to this Committee should be elected not earlier than a month before the close of the session."

The motion was put and carried.

MR. SPEAKER :—" In accordance with the regulations framed by me for conducting elections according to the principle of proportional representation by means of the single transferable vote, I have fixed 5 p.m. on 8th May as the time within which notices of nominations for elections to the Public Accounts Committee should be given to the Secretary. If the number of candidates exceeds the number of vacancies, namely, nine, there will be an election between 12 noon and 2 p.m. on 9th May 1939."

V.—BUSINESS OF THE HOUSE.

MR. SPEAKER:—" With regard to the Sales Tax Bill, it will be taken into consideration on the 8th May. I will have to rightly draw the attention of hon. Members to rule 90 of the Assembly Rules, namely—

'Notice of the proposed amendments should be sent to the Secretary at least three clear days before the sitting of the Assembly at which the Bill is to be considered.'

There was considerable difficulty with regard to the Tobacco Bill. Amendments were handed over as the Bill was being considered; hon. Members who have had much experience of the previous Councils and Assemblies handed over amendments even at 4 o'clock. Therefore, there was difficulty. A large number of amendments were handed over as the clauses were being considered and I did not want to rule out the amendments, as it was a taxation measure. Even when the amendments were handed over at 4 o'clock by Dr. Samuel when the clauses were being considered, I allowed those amendments. But it would be very difficult to arrange the amendments in order and it would lead to some laxity in dealing with the amendments. I would therefore suggest that hon. Members should give notice of their amendments as early as possible, so that they may be printed and circulated to all the Members of the House and hon. Members may study the question in all its bearings. This is a very important measure that is going to be considered by the House. The Bill as reported by the Select Committee was presented to the House on the 24th of this month, so that hon. Members may have fifteen clear days for the study of the Bill. Therefore, I *direct that this rule with regard to amendments should be strictly* observed to facilitate the study of the Bill and the amendments in all their bearings by hon. Members. To make the position very clear, I direct that the amendments should be handed over to the Secretary before 12 noon on the 4th May."

AN HON. MEMBER:—" 5th May."

MR. SPEAKER:—" 'Three *clear* days' would not include Sunday, the 7th May. Amendments should be given notice of on or before the 4th May. That will facilitate the printing of the amendments and their circulation. Hon. Members will then be able to study the Bill as well as the amendments in all their bearings. So, I finally direct that all the amendments to the Sales Tax Bill should be handed over to the office before 12 noon on the 4th May.

" I now adjourn the House to meet again on Monday, the 8th May, at 3 p.m."

MR. D. M. REID:—" May I rise to a point of order, Sir?"

MR. SPEAKER:—" I have already adjourned the House."

THE MADRAS LEGISLATIVE ASSEMBLY

Monday, 8th May, 1939.

The House met in the Assembly Building, Chepauk, at three of the clock, Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Appointment of a European I.C.S. officer as Special Presidency Magistrate.

* 1226 *Q.*—SRI R. M. PALAT: Will the Hon. the Prime Minister be pleased to state whether there was any special reason for appointing a European I.C.S. Officer as Special Presidency Magistrate to try what is called the "Gang Conspiracy Case"?

THE HON. SRI C. RAJAGOPALACHARIAR:—"At the instance of the Chief Presidency Magistrate, a special officer was appointed as Presidency Magistrate temporarily for the purpose of trying a heavy and complicated gang case under section 401, Indian Penal Code, in which the accused persons hailed from different parts of India and in which there were as many as 300 witnesses for examination. The appointment was made and notified on 16th February 1939. The case is pending and it would not be right to go into the nature of the case upon this question. The Government, after full consideration of the requirements of the case and exigencies of administration and the persons available, made the selection for the office. The Government deprecate references to the race of the officer in this or any other case."

SRI K. V. R. SWAMI:—"May I know, Sir, whether the gentleman who was appointed has gone on leave, owing to sudden illness?"

MR. SPEAKER:—"How is it relevant? What point does it elucidate? It is not a supplementary question at all."

Number of Territorial Forces in this Province.

* 1227 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Prime Minister be pleased to state—

(*a*) whether Government have any information regarding the number of Territorial Forces in this Province; and

(*b*) if so, what the same is?

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THE HON. SRI C. RAJAGOPALACHARIAR:—" (a) & (b) There are four battalions of the Indian Territorial Force in this Province. They are the 11th (Madras) Battalion with headquarters at Bangalore, the 12th and 13th (Malabar) Battalions with headquarters at Cannanore and the 5th (Madras) Battalion University Training Corps.

" In 1937–1938 the total strength, officers and men, was 2,877, i.e., 39 officers, Senior Grade, 52 officers, Junior Grade, and 2,786 men."

SRI G. KRISHNA RAO:—" May I know if it is the earnest intention of the Government to increase these forces? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" I do not quite understand the meaning of the phrase 'earnest intention,' Sir."

SRI G. KRISHNA RAO:—" I shall modify my question, Sir. May I ask if it is the intention of the Government to increase these forces? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" It is not entirely within the province of this Government to increase the strength."

SRI G. KRISHNA RAO:—" May I know, with regard to the communiqué that has been issued recently by the Government to make up the full complement of officers required by the battalions, whether there has been any satisfactory response? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" It is too soon to say, Sir; but I do hope and expect there will be."

SRI K. V. R. SWAMI:—" May I know whether it is a fact that these forces will be increased very early? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" I have already answered, Sir, that it is not entirely within the province of this Government; but if there is trouble and there is war, there will be increase, I expect."

MAHBOOB ALI BAIG SAHIB BAHADUR:—" May I know, Sir, whether in view of the resolution passed by this Legislature, this Government have made any trials with the Central Government to increase the forces in this Presidency? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" We have done something, Sir. But I am not sure whether it can be called a 'trial' with the Central Government—was that the phrase used? "

MAHBOOB ALI BAIG SAHIB BAHADUR:—" Effort, I mean."

THE HON. SRI C. RAJAGOPALACHARIAR:—" In the context, it may mean that we should fight with them." (Laughter.)

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ABDUL HAMEED KHAN SAHIB BAHADUR:—"Arising from the answer of the Hon. the Premier, may I know whether the forces will be increased after war is declared?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"I have answered enough, Sir, to dissuade hon. Members from putting such questions."

Exemption, from payment of stamp duty, of agreements executed by the scheduled classes for house-sites.

* 1228 *Q.*—SRI S. GURUVULU: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether it is a fact that members of the scheduled classes applying for grant of house-sites are each required to execute an agreement on a stamped paper worth 12 annas;

(*b*) whether any recommendation for exemption from such stamp duty had been received in any case; and

(*c*) whether the Government intend to grant the exemption prayed for?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—"(*a*) *to* (*c*) In the case of applications for house-sites to be acquired by the Labour Department on behalf of the members of the scheduled classes, the applicants are required to execute a preliminary agreement on stamped paper worth 12 annas. In September 1938, it was suggested that the agreements might be exempted from the payment of stamp duty. The Government did not accept this suggestion as the stamp duty was negligible compared to the cost of acquisition, one-half of which is borne by the Government."

SRI V. VENKATASUBBAYYA:—"May I know, Sir, whether these house-sites are in municipalities or outside municipalities?"

SRI T. VISWANATHAM:—"Inside as well as outside the municipalities, Sir."

SRI S. NAGAPPA:—"May I know, Sir, whether the Government think it desirable to collect twelve annas from a poor Harijan who does not own a house and applies for a site to construct one?"

SRI T. VISWANATHAM:—"It is only a petty sum of twelve annas, Sir, and the payment of that amount is precisely the point in the question that has been answered just now."

Extension of the Madras Betting Act to Ootacamund.

* 1229 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether the Government considered the question of extending the Madras Betting Act to Ootacamund; and

(*b*) if so, with what result?

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SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" (a) The answer is in the affirmative.

" (b) The Act has been extended to the race meetings at Ootacamund—Vide the notifications published in the *Fort St. George Gazette*, dated 18th April 1939."

SRI K. V. R. SWAMI:—" How much money is likely to to be got from this, Sir? "

SRI T. VISWANATHAM:—" It cannot be foreseen at this stage."

Investigation of an irrigation scheme for the Ponnani taluk.

* 1230 Q.—P. K. MOHIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Public Works be pleased to state—

(a) whether he received numerous representations about the failure of crops in Ponnani taluk during his recent tour; and

(b) if so, whether a survey of the taluk as to the feasibility of some irrigation scheme has been ordered?

THE HON. MR. YAKUB HASAN:—" (a) & (b) Representations were received in the matter and orders have been issued to the effect that the feasibility of irrigation schemes in the Malabar district should be examined. The question is now under examination by the Chief Engineer and the Board of Revenue."

Construction of a dam in the upper reaches of certain rivers in Gudiyattam taluk.

* 1231 Q.—SRI B. T. SESHADRIACHARIAR: Will the Hon. the Minister for Public Works be pleased to state—

(a) whether he has received a copy of the resolution passed at the Ryots' Conference held on 22nd January 1939 at Gudiyattam requesting the Government to construct a dam in the upper reaches of the Kaundinya and the Malattar rivers of Gudiyattam taluk for diverting into them the rain water which is now allowed to be wasted in the wild regions;

(b) whether the Government have ordered any investigation in the matter; and

(c) if so, the results of such investigation?

THE HON. MR. YAKUB HASAN:—" (a) No copy of the resolution referred to has been received.

" (b) & (c) Do not arise in view of the answer to clause (a)."

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Hunger strike of an anti-Hindi prisoner in the Penitentiary, Madras.

* 1232 *Q.*—SRI B. BHAKTAVATSALU NAYUDU: Will the Hon. the Minister for Law be pleased to state—

(a) whether it is a fact that Mr. Sachithanandam, who had been convicted in the anti-Hindi Movement, is on hunger strike from 27th March 1939 in the Madras Penitentiary; and

(b) If so, what his present condition and state of health are?

THE HON. DR. P. SUBBARAYAN:—" (a) & (b) The Government regret that by means of such questions encouragement is given through publicity to this kind of action on the part of any prisoner. A statement [a] is laid on the table giving the story of the prisoner for the information of the hon. Member."

Public shooting galleries in the Province.

* 1233 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state—

(a) whether there are any public shooting galleries in this Province; and

(b) whether the Government give any encouragement to them?

THE HON. DR. P. SUBBARAYAN:—" (a) The Government have no information.

" (b) The answer is in the negative."

Construction of a road connecting the Southern street in Usmansahibpet, Nellore, with the Survepalli channel bund.

* 1234 *Q.*—DR. MUHAMMAD ABDUS SALAM: Will the Hon. the Minister for Public Health be pleased to state—

(a) whether the Chairman, Municipal Council, Nellore, carried out the instructions in Government Orders Ms. No. 674, P.H., dated 12th March 1934, and Ms. No. 4861, L. & M., dated 5th November 1934, regarding the layout of a road in Usmansahibpet, Nellore, to extend its southern street to connect it with the Survepalli channel bund to the west;

(b) if not, why not;

(c) whether it is a fact that the Municipal Engineer has fixed the value of the site to be acquired for the road at only Rs. 370; and

(d) what the cost estimated by the Municipal Engineer is for the laying out of the said extension of the road?

THE HON. DR. T. S. S. RAJAN:—" (a) to (d) Information has been called for."

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[a] Printed as Appendix I on page 489 infra.

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Smallpox attacks among vaccinated persons.

* 1235 Q.—SRI V. VENKATASUBBAYYA: Will the Hon. the Minister for Public Health be pleased to state with reference to the answer given to starred question No. 844 on 25th February 1939—

(a) how many of the total attacks were among those vaccinated only once; and

(b) how many of the attacks were among those vaccinated more than once?

Mortality due to smallpox among the vaccinated and the unvaccinated.

* 1235-A. Q.—SRI V. VENKATASUBBAYYA: Will the Hon. the Minister for Public Health be pleased to state with reference to starred question No. 844 answered on 25th February 1939—

(a) the number of deaths from smallpox among the vaccinated; and

(b) the number of deaths among the unvaccinated?

THE HON. DR. T. S. S. RAJAN:—" Sir, since both the questions Nos. 1235 and 1235-A refer to the same subject, a single answer is given.

" The figures asked for in the two questions are given in the statement below:—

Year.	Attacks among		Deaths among		Percentage of deaths to the total attacks among	
	Vaccinated only once.	Vaccinated more than once.	Vaccinated.	Unvaccinated.	Vaccinated.	Unvaccinated.
1934 ..	Not available.		57	74	14·10	31·62
1935 ..	Do.		25	34	14·36	28·10
1936 ..	Do.		1	2	4·35	14·29
1937 ..	Do.		67	129	15·19	40·95
1938 ..	1,079	201	180	381	14·06	45·90

" *Explanatory note.*—Though in the figures furnished in the answer to Legislative Assembly Question No. 844, the number of attacks among the vaccinated appears to be larger than the number of attacks among the unvaccinated, yet the actual percentage of the former to the total number of vaccinated will be very much lower than the actual percentage of the latter to the total number unvaccinated. The figures in the statement above showing the percentage of deaths to the total attacks among the vaccinated and the unvaccinated will bear out more clearly the useful results of vaccination."

SRI G. KRISHNA RAO:—" May I know whether, in view of the fact that primary vaccination does not give life-long immunity to the people, the Government think of extending compulsory vaccination for a second time in the case of adults? "

THE HON. DR. T. S. S. RAJAN:—"I may inform the hon. Member that re-vaccination is compulsory. As the protection afforded by vaccination lasts in many cases from three to five years, after five years, a person has got to be re-vaccinated, if protection is to be ensured."

SRI G. KRISHNA RAO:—"Is it compulsory now?"

THE HON. DR. T. S. S. RAJAN:—"Yes."

Assignment of reserved lands vested in the Forest Department.

* 1236 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the reason for keeping areas of lands known as reserved lands under the Forest department; and

(*b*) whether they can be given to persons requiring them?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"(*a*) 'Reserved land' includes all land notified under section 4 of the Forest Act, and any area at the disposal of the Government, specially declared by the Collector in consultation with the Conservator, as likely to be ultimately required as reserved forest, whether for the supply of timber, of fuel or of fodder. The Collector may also, with the previous approval of the Board of Revenue, declare in respect of any village, by a notification in the district gazette, that so much of the land at the disposal of the Government as he may consider likely to be useful for grazing and not to be wanted for any other purpose is 'reserved land' with a view to its assignment to a forest panchayat for management.

"(*b*) The answer is in the negative."

SRI S. NAGAPPA:—"May I know whether it is a fact that the Government have issued an order stating that no land should be assigned to anybody until further orders?"

THE HON. SRI V. I. MUNISWAMI PILLAI:—"I am unaware of such a Government Order, Sir."

Savings consequent on the abolition of the Working Plans department in the Forest Department.

* 1237 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether the Department of Working Plans in the Forest department has been abolished altogether; and

(*b*) if so, what the savings are?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"(*a*) & (*b*) The separate working plan circle has been abolished. Some posts of gazetted officers on working plan work and a portion of the subordinate staff have also been abolished. The savings so far effected amount to nearly Rs. 30,100 per annum. Some further savings are anticipated."

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Establishment of commercial museums in the Province.

* 1238 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether it is a fact that the Government intend to establish commercial museums in several parts of the Province; and

(*b*) if so, what their scheme is?

SRI B. S. MURTI (Parliamentary Secretary) *on behalf of the Hon. Sri V. V. Giri*:—" (*a*) The Collectors of districts have been instructed to examine the feasibility of establishing commercial museums in their districts and local bodies have been asked to extend their fullest co-operation in the matter.

" (*b*) The aims and objects of the museum are, broadly speaking:—

to educate the public in respect of the industries and crafts of the district;

to collect finished products and works of art manufactured in the district and exhibit them in the premises of the museum;

to help to find a proper market for the products of these industries;

to afford facilities for the starting of an information bureau;

to promote handicrafts and cottage industries in the district;

to promote the introduction of new industries; and

to encourage production and sale of pure foodstuffs by certifying to their genuineness.

" The financing of the museum depends on private subscriptions and donations and on contributions from local bodies."

SRI K. V. R. SWAMI:—" May I know whether any information has been received from the Collectors with regard to the instructions issued to them?"

SRI B. S. MURTI:—" Yes, Sir."

SRI K. V. R. SWAMI:—" From how many?"

SRI B. S. MURTI:—" More than half a dozen."

SRI S. NAGAPPA:—" May I know, Sir, whether that number includes any district where there is already a museum?"

SRI B. S. MURTI:—" Yes, Sir."

SRI S. NAGAPPA:—" What are they, Sir?"

SRI B. S. MURTI:—" Mangalore, Nellore and Guntur."

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SRI K. BHASHYAM AYYANGAR:—"Will the Government consider the desirability of including the Victoria Technical Institute as part of the scheme of the establishment of a commercial museum?"

SRI B. S. MURTI:—"Surely, if it will serve the purpose."

SRI S. NAGAPPA:—"What about the other districts, Sir?"

SRI B. S. MURTI:—"In the other districts also the Government are trying to have museums. I have already submitted that the Collectors have been asked to examine whether museums could be established in each district."

SRI S. NAGAPPA:—"It is stated that in three districts they have established museums; why should they take so much time in regard to the other districts?"

SRI B. S. MURTI:—"Steps are being taken to establish museums in several other districts also."

Facilities for starting heavy industries.

* 1239 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether the Government have gathered information regarding facilities for starting heavy industries such as manufacture of steel, machinery and mill machinery; and

(*b*) if so, which of them?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—"(*a*) & (*b*) The attention of the hon. Member is invited to paragraph 9 at pages 9 to 20 of Mr. L. B. Green's note on 'The economic resources of the Province of Madras and possibilities of their development,' a copy of which is available in the library of the Madras Legislature for reference."

SRI K. V. R. SWAMI:—"May I ask, Sir, whether any attempt is being made to start any heavy industry?"

SRI B. S. MURTI:—"I have submitted on a previous occasion on the floor of the House that the Government are awaiting the decision of the Planning Committee which is going into the matter thoroughly."

SRI G. KRISHNA RAO:—"May I know whether this Government have any advisory body to give ideas to the Government with regard to the development of industries, as they have in Bombay and Bengal?"

SRI B. S. MURTI:—"Notice, Sir."

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Annual Home indents for spare parts, etc., for the Lino machines in the Government Press.

* 1240 *Q.*—Sri B. BHAKTAVATSALU NAYUDU: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) whether the annual Home indents for spare parts and matrices for the Lino machines in the Government Press for the years 1937 and 1938 were prepared and sent in time, and if so, when;

(*b*) when the annual Home indent for the year 1936 was prepared and sent;

(*c*) whether the annual Home indent for the year 1937 was not prepared till the end of July 1938, and if so, who was responsible for the delay;

(*d*) whether some or most of the machines are in bad condition for want of necessary new parts;

(*e*) whether machine No. 14 is now in good condition;

(*f*) whether the said machine was in bad condition, and if so, when, how long and why; and

(*g*) whether the operators were kept idle or sent home for want of Lino metal in the year 1938, and if so, the total number of hours they were kept idle or sent home?

The Hon. Sri S. RAMANATHAN:—" (*a*) Yes, on 26th July 1937 and 20th July 1938.

" (*b*) On 21st May 1936.

" (*c*) In view of answer to clause (*a*) above, the question does not arise.

" (*d*) The answer is in the negative.

" (*e*) Yes.

" (*f*) The machine has been continuously working without break.

" (*g*) Yes; no record of the hours has been kept."

Supersession of the Chirala Municipality.

* 1241 *Q.*—Sri P. BUCHAPPA NAYUDU: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) when and under what circumstances the two towns of Chirala and Perala were constituted into a municipality;

(*b*) what the population of the Chirala Municipality is at present and what the existing level or percentage of taxation in the municipality is;

(*c*) whether it is a fact that the town, Chirala, has in recent years extended much beyond the municipal limits due to congestion in the municipality and whether the municipality referred to the Government the question of extension of the municipal limits and if so, what action has been taken;

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(*d*) when the Chirala Municipality was superseded, for what asons and for what period;

(*e*) what the reasons are for the extensions of the period of persession of the Chirala Municipality;

(*f*) whether the Government have received any representans from the inhabitants of Chirala for the abolition of the unicipality and for the constitution of one or two panchayat ards in its place;

(*g*) whether the Government have come to any decision on ese representations; and

(*h*) what the reasons are for prohibiting the Special Officer charge of the municipality from undertaking works?

THE HON. SRI B. GOPALA REDDI:—" (*a*) The municipality was constituted with effect from 1st January 1920. It was the second largest town in the Guntur district with a population in 1911 of 22,000. It had a flourishing weaving and dyeing industry and was one of the biggest trade centres in the district. After a personal inspection of the place in July 1914, the then Deputy Sanitary Commissioner commented severely on the insanitary condition of the place and strongly recommended the conversion of the union into a municipality as the only means of improving the sanitation of the place. In 1917 plague broke out and spread to all the neighbouring places and the then union was unable to combat it with its inadequate resources. The Chairman of the union, the Ongole Taluk Board and the District Board recommended that the union might be converted into a municipality and the Government accepted the recommendation in the interests of the health of the inhabitants.

" (*b*) According to the census of 1931, the population of the municipality is 18.853. The percentage of taxation is 12.

" (*c*) The Special Officer and Commissioner submitted proposals for extension of municipal limits but they were not approved.

" (*d*) The municipal council was superseded for two years with effect from 9th December 1935 as the administration was unsatisfactory and as the chairman and municipal councillors did not have sufficient civic sense to carry on the administration satisfactorily.

" (*e*) The postponements of reconstitution of the municipal council were ordered as the preliminaries to the conduct of elections were not completed.

" (*f*) The answer is in the affirmative.

" (*g*) A notice asking the council to show cause against abolition was issued and the reply received is under consideration.

"(h) The Special Officer was asked not to incur expenditure on *new* works till the question of abolishing the municipality is decided."

SRI S. NAGAPPA:—"May I know, Sir, what is the definite policy of the Government in regard to the formation of municipalities? Is it on the basis of population or on the percentage of taxation?"

THE HON. SRI B. GOPALA REDDI:—"*Certainly on population basis.*"

SRI P. BUCHAPPA NAYUDU:—"Is the Hon. Minister aware that there has been an agitation against the abolition?"

THE HON. SRI B. GOPALA REDDI:—"We are aware; there is also a great deal of agitation in favour of abolition."

MAHBOOB ALI BAIG SAHIB BAHADUR:—"What were the reasons that prevailed with the Government in superseding the municipality?"

THE HON. SRI B. GOPALA REDDI:—"I have stated in answer to clause (d) that in 1935 the Council was superseded for two years because the administration was unsatisfactory and the Chairman and municipal councillors did not have sufficient civic sense to carry on the administration satisfactorily."

MAHBOOB ALI BAIG SAHIB BAHADUR:—"Am I to understand that it has continued to be so till the year 1939?"

THE HON. SRI B. GOPALA REDDI:—"I cannot say; but it has not yet been reconstituted."

SRI P. BUCHAPPA NAYUDU:—"What are the circumstances which led to the issue of the notice for the abolition of the municipality?"

THE HON. SRI B. GOPALA REDDI:—"*A great many voters demanded its abolition.*"

SRI P. BUCHAPPA NAYUDU:—"May I know, Sir, whether the Government have satisfied themselves that a substantial majority wanted its abolition?"

THE HON. SRI B. GOPALA REDDI:—"Yes, Sir."

MAHBOOB ALI BAIG SAHIB BAHADUR:—"May I know, whether the establishment of a municipality depends on the willingness of the people or whether it depends on the necessity of the municipality to look after the welfare of the people?"

THE HON. SRI B. GOPALA REDDI:—"*On both, Sir.*"

SRI P. BUCHAPPA NAYUDU:—"May I request the Hon. Minister to say how he came to know that the majority wanted the abolition?"

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THE HON. SRI B. GOPALA REDDI:—"I was myself in Chirala some time ago and at that time I ascertained the public opinion."

SRI KALA VENKATA RAO:—"Are the Government aware that there has been a movement from 1921 for the abolition of this particular municipality?"

THE HON. SRI B. GOPALA REDDI:—"We are aware, Sir."

MAHBOOB ALI BAIG SAHIB BAHADUR:—"May I ask whether in this particular case the Government think that no useful purpose will be served by the establishment of a municipality from the point of the health of the people of the locality?"

THE HON. SRI B. GOPALA REDDI:—"Health will be administered by the panchayat board that will be constituted hereafter."

SRI P. BUCHAPPA NAYUDU:—"May I know, Sir, whether any referendum was taken to find out whether the people were against or in favour of abolition?"

THE HON. SRI B. GOPALA REDDI:—"There was no need for a referendum. We were satisfied about it."

MAHBOOB ALI BAIG SAHIB BAHADUR:—"May I know, Sir, if wherever a municipality has been abolished, the criterion has been the opinion of the people of the locality?"

THE HON. SRI B. GOPALA REDDI:—"Yes, Sir. In many cases it was the opinion of the people of the locality that decided the matter. For instance, in Rajapalayam, the people were against its conversion into a municipality and we dropped the matter."

MAHBOOB ALI BAIG SAHIB BAHADUR:—"If people oppose the conversion of a panchayat into a municipality, it may be because they feel that taxes would be raised. In such a case, would the Government not convert the panchayat into a municipality?"

THE HON. SRI B. GOPALA REDDI.—"I am unable to understand the question, Sir."

MAHBOOB ALI BAIG SAHIB BAHADUR:—"If in a particular case, the people of a panchayat do not want conversion . . ."

MR. SPEAKER:—"It is a hypothetical question; it is disallowed."

Use of hand-pounded rice in the hostels under the control of Government.

* 1242 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Education be pleased to state—

(*a*) the hostels which are under the management or control of the Government;

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(b) whether hand-pounded rice is used in them;

(c) if not, why not; and

(d) whether the Government will consider the desirability of ordering the use of hand-pounded rice in them?

THE HON. SRI C. J. VARKEY:—" (a) There are hostels attached to Government Colleges, secondary schools and training schools. An up-to-date list of these hostels is not readily available.

" (b) & (c) The Government have no information.

" (d) The suggestion will be brought to the notice of the hostels."

SRI S. NAGAPPA:—" May I know, Sir, whether Harijans are admitted in all these hostels? "

THE HON. SRI C. J. VARKEY:—" I beg to submit that this is not a supplementary question."

Disposal of the applications from local bodies for the levy of education tax.

* 1243 Q.—SRI K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state—

(a) the number of applications made by local bodies in the last three years for levying education tax with a view to enabling them to introduce compulsory elementary education;

(b) which these are;

(c) whether such applications were refused; and

(d) what the reasons are in each case?

THE HON. SRI C. J. VARKEY:—" (a) Three.

" (b) The Municipal Councils of Cocanada, Sivakasi and Karaikudi.

"(c) & (d) The applications of the Cocanada and Sivakasi Municipal Councils have been sanctioned by the Government. The Karaikudi Municipal Council's request was not sanctioned as the Council was in a position to find the additional funds required for introducing compulsory elementary education without levying an education tax."

SRI G. KRISHNA RAO:—" Have the Government called for any definite scheme for introducing compulsory education? "

THE HON. SRI C. J. VARKEY:—" Our scheme is contained in the Elementary Education Act and accordingly we are proceeding step by step."

SRI G. KRISHNA RAO:—" Is it a planned scheme? "

THE HON. SRI C. J. VARKEY:—" It is a very well-planned

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UNSTARRED QUESTIONS

Statistics regarding the ministerial and technical establishments in the Government Press.

372 *Q.*—SRI B. BHAKTAVATSALU NAYUDU: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) the duties of (i) the Manager, (ii) the Head Clerk, (iii) the Accountant on Rs. 85—4—125, (iv) the Clerk on Rs. 85—4—125, (v) the Foremen on Rs. 100—5—125 working as the Type Storekeeper, (vi) the Head Despatcher on Rs. 80—5—125, (vii) the two Head Computors, (viii) the pressmen and galley pressmen, (ix) the layers-on, (x) the warehousemen and (xi) the two Storekeepers on Rs. 65—4—85, in the Government Press; and

(*b*) the names of the several departments in the Press, the number of workers in each of the departments, the number of foremen and assistant foremen in each of the departments with their respective salaries in the grades and the duties of each of the foremen and assistant foremen?

A.—(*a*) & (*b*) The Government do not think it necessary to print the information and place it on the table, but are ready to give the hon. Member any information he may require.

Number of students in the Presidency Training School for Mistresses, Egmore, classified according to their mother-tongue.

373 *Q.*—SRI V. KURMAYYA: Will the Hon. the Minister for Education be pleased to state—

(*a*) the total number of training students at present in the Presidency Training School for Mistresses, Egmore; and

(*b*) the number among them classified according to their mother-tongue?

A.—(*a*) & (*b*) There are no students undergoing training in the school at the moment, the training section having been just abolished.

Statistics of peasants and peasant workers convicted in certain taluks of the Malabar district, since 1st December 1938.

374 *Q.*—SRI E. M. SANKARAN NAMBUDRIPAD: Will the Hon. the Prime Minister be pleased to state—

(*a*) the number of peasants and peasant workers who are being dealt with under various sections of the various Acts in the taluks of Kasaragod, Chirakkal and Kottayam in Malabar district;

(*b*) the number of those peasants and peasant workers who have been convicted since 1st December 1938; and

(*c*) whether the Government intend to revise their policy in this respect?

A.—(*a*) Eighty-six.

(*b*) Thirty.

(*c*) The Government must maintain respect for the law. There is no policy or intention to change this. The Government are considering the appointment of a Committee to inquire into the grievances of peasants under the Malabar tenancy system.

Protest against the appointment of the present incumbent as manager and guardian instructor to the estate of the minor of South Vallur Estate.

375 *Q*.—SRI V. KURMAYYA: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether any person has been appointed as manager and guardian instructor to the estate of the minor of South Vallur Estate, Part I;

(*b*) if so, the name of the person and his qualifications;

(*c*) whether he has any revenue experience;

(*d*) whether he had been appointed tutor to the ward before;

(*e*) if so, the reasons for his removal from this post;

(*f*) whether the Government have received any petitions either from the mother of the ward or from the people of the estate protesting against this man being the tutor of the ward;

(*g*) whether the Government follow the desires of the ward in matters of appointment like this; and

(*h*) why an assistant to the present manager has been appointed?

A.—(*a*) The answer is in the affirmative.

(*b*) Sri R. V. V. S. Prasad, B.A., B.L., Guntur.

(*c*) The answer is in the negative.

(*d*) He was guardian tutor to the ward from 1930 to 1938.

(*e*) In 1938, the ward was admitted as a boarder in the Madras Christian College Hostel and the services of the tutor-guardian were then dispensed with.

(*f*) Three such petitions were received by the Court of Wards.

(*g*) The Court of Wards takes into consideration the wishes of the ward but does not act according to his wishes unless his nominee is found suitable and trustworthy.

(*h*) As Sri Prasad has no previous experience of revenue work, the Court of Wards approved the appointment of an experienced Head Accountant from the District Revenue establishment as Head Accountant of the estate to assist the Manager in revenue and account work.

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Exhibitions participated in by the Forest department during the last three years.

376 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) what the exhibitions are in which the Forest department took part in each of the last three years; and

(*b*) the amount spent by them for each such exhibition?

A.—(*a*) & (*b*) The information is furnished in the statement [a] appended.

Sale of elephants by Government.

377 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the value of the elephants sold by the Government during each of the last ten years; and

(*b*) the reasons for not having any captures during 1936–37?

A.—(*a*) & (*b*) A report has been called for.

Buildings used by officers in forest areas.

378 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the number of buildings in forest areas which are used for temporary occupation by officers;

(*b*) how many of them are near navigable rivers;

(*c*) the annual maintenance charges for them; and

(*d*) the revenue derived from them?

A.—(*a*) to (*d*) Information is not available. A report has been called for.

Objections to the assignment of certain sites in Nandivada village, Gudivada taluk.

379 *Q.*—SRI V. KURMAYYA: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether it is a fact that the Tahsildar, Gudivada, granted six sites in R.S. No. 457/1 of Nandivada village, Gudivada taluk, to Vemulapalli Viraraghavayya, the ex-village munsif of the village and five others;

(*b*) whether it is a fact that the whole village including the present Panchayat Board objected to the grant; and

(*c*) whether it is a fact that it is the only site in the village available for communal purposes of the villagers?

A.—(*a*) to (*c*) The Government have called for a report.

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[a] Printed as Appendix II on page 490 infra.

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Admission of Harijans to the Higher Elementary Training Course in 1938–39.

380 *Q.*—Sri S. NAGAPPA: Will the Hon. the Minister for Education be pleased to state—

(*a*) the number of Harijans who applied for the Higher Elementary Training in 1938–39 and how many of them were rejected;

(*b*) the reasons for such rejection; and

(*c*) whether it is a fact that in the month of September last some of the admitted students were asked to discontinue on the ground that they were unfit?

A.—(*a*) *to* (*c*) The particulars have been called for.

Statistics regarding the wells dug and proposed to be dug in the Ramnad district under the rural water-supply scheme.

381 *Q.*—Sri Muthu Kr. Ar. Kr. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) the total number of wells proposed to be dug in the Ramnad district in the entire period of ten years under the rural water-supply scheme;

(*b*) the villages in which they will be dug;

(*c*) the number of wells dug in the Ramnad district in 1938–39;

(*d*) the villages in which they were dug; and

(*e*) the factors determining the selection of such villages?

A.—(*a*) & (*b*) The hon. Member is referred to the ten-year programme of rural water-supply for the Ramnad district, copies of which are available in the offices of the Collector and the District Health Officer of Ramnad.

(*c*) & (*d*) Government have called for the information.

(*e*) The factors that are to be borne in mind in selecting villages are the acuteness of water scarcity in the village, the distance of the nearest source of supply available, the prevalence of cholera and other water-borne diseases and the potability of the water-supply actually available.

Amount paid to local boards on account of the loss of toll-revenue.

382 *Q.*—Sri V. M. RAMASWAMI MUDALIYAR: Will the Hon. the Minister for Local Administration be pleased to state what compensation was paid to local boards for the last three years by reason of the loss of toll income?

A.- The following amounts were authorized to be paid to District Boards in lieu of tolls :—

	LAKHS. RS.
1935–36	* 21·85
1936–37	23·62
1937–38	27·85
Arrears paid in respect of the above three years	4·44

Final adjustments in respect of 1938–39 have not been made. A sum of Rs. 28·52 lakhs has been paid to District Boards for that year.

* Includes amount paid to the Ganjam District Board, Rs. 33,112.

Land revenue remission in certain taluks of the Tanjore district.

383 *Q.*—SRI A. VEDARATNAM PILLAI: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether there was any representation made by the ryots of Arantangi and Tiruturaipundi taluks, Tanjore district, for land revenue remission due to famine conditions prevailing on account of failure of rains in those parts; and

(*b*) whether there was any remission sanctioned in those taluks; and if so, how much?

A.—(*a*) Some requests for the grant of remission in these taluks were received.

(*b*) The Government have no information. The district authorities are empowered to grant ordinary remission of the assessment and to address the Board of Revenue and the Government where necessary, in other cases.

Land revenue after the reclassification enhancement and remission of revenue in the Tanjore district, talukwar.

384 *Q.*—SRI A. VEDARATNAM PILLAI: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) the amount remitted in each taluk in the Tanjore district during the last three years out of the total remission of Rs. 75 lakhs sanctioned for the Province; and

(*b*) the revenue of each taluk in the Tanjore district after the reclassification enhancement in land revenue and water tax?

A.—(*a*) The actual cost of the land revenue concessions sanctioned by the Government for the Tanjore district for faslis 1346 and 1347 was Rs. 10·28 lakhs and Rs. 11·37 lakhs respectively. Talukwar figures are not available.

(*b*) The figures for each taluk are not available with the

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Number of gun licences issued to non-officials.

385 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state the number of licences issued for fire arms in each district to non-officials in 1930, 1935, 1937 and 1938?

A.—The Government have no separate figures regarding licences issued or renewed in favour of non-officials for the possession of fire arms during the years 1930, 1935, 1937 and 1938, but the total number of licences in force in each of the four years is shown in the appended statement.[a]

Establishment of a tuberculosis sanatorium at Waltair.

386 *Q.*—SRI V. J. GUPTA: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether the Government are aware of the demand for a tuberculosis sanatorium at Waltair; and

(*b*) whether the Government propose to expedite the establishment of the sanatorium at Waltair in order to meet the needs of the Circars?

A.—(*a*) & (*b*) The Government understand that such a suggestion had been made, and it will receive careful consideration.

Treatment of tuberculosis patients in the King George Hospital, Vizagapatam.

387 *Q.*—SRI V. J. GUPTA: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) the nature and extent of accommodation available for tuberculosis patients in the King George Hospital, Vizagapatam;

(*b*) from what districts patients suffering from tuberculosis resort to that hospital for treatment;

(*c*) whether all the patients get admission;

(*d*) whether there is a competent specialist in tuberculosis in that hospital;

(*e*) what forms of surgical treatment of tuberculosis are carried out there; and

(*f*) whether there is adequate provision for lung surgery in the hospital?

A.—(*a*) *to* (*f*) The information required has been called for.

Installation of a steam plant in the King George Hospital, Vizagapatam, for laundry and sterilization.

388 *Q.*—SRI V. J. GUPTA: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether there is a steam plant for laundry and sterilization in the King George Hospital; and

(*b*) if not, when it will be provided?

A.—(*a*) & (*b*) The information has been called for.

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Statistics regarding the Livestock Research Station at Hosur.

389 *Q.*—SRI P. T. VENKATACHARI: Will the Hon. the *Minister for Agriculture and Rural Development* be pleased to state—

(*a*) the average annual cost of running the Livestock Research Station at Hosur Cattle Farm for the last ten years;

(*b*) what the return is for the last ten years;

(*c*) whether it is a fact that the breeding bulls supplied by the Farm have provoked complaints that they are useless for breeding purposes;

(*d*) how many bulls are supplied by the Farm on an average per year; and

(*e*) what the extent is of the grounds now in charge of the Research Station?

A.—(*a*), (*b*) & (*d*) The hon. Member is referred to the Agricultural station reports for the respective years.

(*c*) Some complaints have been received that the breeding bulls supplied by the Farm had not served.

(*e*) The total acreage of the estate is 1,659·1 acres.

[*Note.*—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—THE MADRAS GENERAL SALES TAX BILL, 1939.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I beg to move—

' *that the Madras General Sales Tax Bill, 1939, as amended by the Select Committee, be taken into consideration* '.

" The Report has been before the hon. Members of the House for some time past, and I need hardly repeat the terms of that Report or the material changes that have been made by the Select Committee, as I have already referred to them on the last occasion when the Report was presented to the House. While asking the House to take the Bill into consideration, I am desirous, however, of placing before the House a few salient facts.

" Notice has been given of a motion that the Bill should not be taken up for consideration now, but should be put off. Many comments have appeared in the public Press; there have been many speeches on the platforms by various parties; resolutions have been passed by important bodies, some of them objecting to some details, many of them objecting to the whole thing, and some of them approving of the Bill. The agitation against this Bill has taken a characteristic shape, all based upon the theory of the last straw, if I may generalize it in that way. Every trade, every business is in such a state that the last little bit of burden put upon it will simply break it. That is, in essence, the feature of the general agitation. Caricatures in newspapers have also

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appeared. I am glad, Sir, that even art has been able to exploit the situation. It is good; from that general point of view it is a good thing. One picture was, with reference not only to this general sales tax, but it may be taken to apply generally to the policy of taxation of this Government. The picture was that of a motor-car in which I myself was riding, waiting at the retail dealer's bunk, my peon shouting that we should be served quickly, but the retailer saying, 'The Premier has ordered that the account
30 should be made up at the end of the day; you must wait.' The
p.m. caricature was a very good picture and I enjoyed it all right; but there is not much reasonableness in it. It is one thing to make a good caricature and it is quite another to combine reasonableness with art. It is perhaps only the *Punch* cartoons that can combine reasonableness with beauty. The question is whether this is reasonable. All I can say is that it is quite unreasonable. It is quite unreasonable to expect any revenue measure to be independent of account keeping. The caricature, however beautiful and striking it may be, is not a reasonable one. Then, Sir, there was another very good caricature which depicted the effect of the pyramiding of this tax: one man's burden shifted on to the next man and that again shifted on to the man next to him and so on, and the last unfortunate man crushed down under the cumulative weight of the tax. It is a very good picture no doubt. But if I had the leisure, I could prompt my caricaturist to make dreadful pictures of all kinds on the same lines. I could show for instance with telling effect, the results of pyramiding of the taxes on the families whose bread-winner is given to drink. I could make an equally terrible picture of the families of the land tax payers. I could make an equally effective picture of the effect of reduction of even Rs. 2 out of a salary of Rs. 500. If I had the leisure, I could show the terrible condition in which the family is and how those two rupees have served to crush the family, that being the last straw. In fact, I could make a mathematical caricature showing how a single drop of rain bursts the bund of a tank because it was just that weight that was wanted to break the bund and defy the engineer's skill. I could show how just one piece of biscuit can make one get indigestion and die the next morning in spite of the best efforts of the physician. These are all possible. But these are not at all reasonable arguments though they are good enough to make the newspaper popular. I have myself cut the pictures and keep them together for entertainment.

"Though the pictures do not convince anybody, yet they serve to give us the arguments in a graphic form and it is my duty to answer them. The argument of all these pictures is that what is called a small tax of half a per cent on the turn-over is so heavy in its incidence that it will ruin several businesses, if not all businesses. I can only say that it is not a fact and I can assure you that it is not going to happen; and if it happens I am here to ask

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the Government to correct it. All human endeavour does consist of an adventure and a reversion to the original condition if the adventure proves ruinous. We should not take a step which is proved to be dangerous, but we should not be afraid of taking a step merely because a caricature can be drawn showing the dangers in glaring terms. Then all adventure and all government would stop. We should not do anything which is irreversible and there is no such thing here. People say that the sales tax is new. Is that the reason to be afraid of it?

"Anything new has its own incidence and as I have already explained we cannot help it. It is the only tax, the only decent tax—decent in the Shylockian sense, that is to say good and sufficient for our purpose—that has been given to us under the Constitution. We cannot object to it on the ground that it is new. I was presented with a book the other day, written by the High Commissioner for India in London, Sir Feroze Khan Noon. The High Commissioner had been on a visit to the Dominion of Canada and he came back with a lot of information which he has given to the world through his book. He says that they have this tax in Canada. This is what he says:—

'There is the sales tax in Canada which does not exist in India.

'Once in the Punjab we considered the sales tax but we came to the conclusion . . .'

This is what the Opposition would like to hear.

'. . . that, in view of the fact that most small shop-keepers being illiterate, could not keep account books, the tax could not be applied universally. A very large staff would have been necessary to keep a constant watch over the sales and unless these officials had been highly paid, they might easily become a source of annoyance and probably extortion to the average shop-keeper . . .'

Just exactly what the Opposition would like to say and in fact they may wonder why I am reading this. It is because I want to show that we have not ignored all this and that we have been taking all this into account. It is not as if we have not given heed to these things. Now to resume the quotation from Sir Feroze Khan's book—

'In the Punjab the matter was dropped. But it is likely to be revived now since the present source of our revenue in our Province is so limited and meagre. . . . The people are poor and cannot afford to pay the land revenue and water-rates if they are enhanced to any considerable extent.'

I would invite the attention of the House to the fact that this is by a gentleman who comes from the Punjab, to which Province annually not less than ten crores of rupees is paid by the Military Department by way of salaries and allowances for the sepoys engaged in the Military Service in that province. To return to Sir Feroze Khan, he says—

'The Federal Government levies a sale tax of 8 per cent on all manufactured goods.'

It makes no difference whether I want to levy it here in this province or whether the Federal Government levy it in the

Dominion. The question is the capacity of the commodity to bear the sales tax. They have one system there and we have another system of division here. The division in the Dominions is on the basis of direct and indirect taxes; under the Government of India Act the division is made on the basis of Lists I and II of the Seventh Schedule which is rigid and unchangeable. What we are concerned with is that the Federal Government levy a sales tax and the commodities are able to bear it; the tax is at the rate of 8 per cent on all manufactured goods and this brings a total revenue of 237 million dollars; the cost of collection is very small being only about 2 per cent of the total revenue derived. There are taxes on the sale of tobacco, cigarettes, liquors, stamps, cheques and there is also a domestic servants tax. There is a tax of 3 cents on each cheque of 100 dollars and over, one cent per lb. of sugar, whether manufactured or imported; there is levied a tax of 5 per cent on automobiles, whether imported or manufactured, on the value in excess of 650 dollars. There is a sales tax on rubber tyres of 2 cents per lb. It will thus be seen that taxes are imposed over a wide range of articles in Canada. But there the sale taxes on the first manufacture go to the Centre and those realized at the time of the sales to the consumer, go to the Provinces. That is their division in Canada and the tax at the retail end comes to 4 or 5 per cent of the total value of the goods. This is what he says:

'The tax on retail sales comes to 4 or 5 per cent of the total value of the things sold.'

We are told also, Sir, that in the province of Saskatchewan the tax on retail sales yielded a sum of 2,500,000 dollars and that the cost of collecting the sales tax is less for the Dominion Government than it is for the Provincial Government. Now, therefore, in Canada which is not the United States, there is a sufficiently good precedent for a heavy tax like this.

" Let me also refer to an article in *Commerce*. I shall not be taking up the time of the House with reading out the arguments of other people but I shall refer only to these facts. It was introduced in Germany in 1916 and it took a permanent form in 1918. It is stated there that the sales tax is known to have been levied in ancient times and in the Middle Ages. It is not quite so new after all, as it is supposed to be. France, Italy and Czechoslovakia adopted it in 1919 and since Germany has taken it up permanently, it does not make any difference now as the last now forms part of the Reich. Russia and Belgium adopted it in 1921 and other European countries followed suit and in the United States the tax developed during 1929—1933."

MR. W. K. M. LANGLEY:—" On a point of information, Sir, may I ask the Hon. the Premier to let us know something about the general financial condition of those countries to which he has been referring? "

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THE HON. SRI C. RAJAGOPALACHARIAR:—"At the time it was introduced, the general financial condition was so bad that they called it a case of emergency. In spite of the conditions prevailing at the time of the imposition of the tax, they have revived and they have continued to be in a sound state up to now and let us hope the same will happen in our country.

"It found its way to Canada in 1929, Australia in 1930, New Zealand in 1933. By the end of 1937, it was levied in 29 States of the United States, three Dominions of the British Commonwealth, twelve countries of Europe and six republics of South America. The one country that has not yet adopted this tax is Great Britain. Although it has found its way to the State Governments of the United States, the Federal Government has refused to adopt it in spite of repeated attempts. In the United Kingdom, it came under scrutiny of the Colwyn Committee and the tax was rejected as it failed to meet the modern requirements of a good tax, namely, the ability to pay; and in the Committee's view, income-tax, which could be graduated, was a far superior instrument. Besides it is felt that in Great 3-45 Britain people are willing to bear largely the burden of direct p.m. taxation. Therefore it was rejected by a very highly civilized and prosperous country like Great Britain. But it was revived and maintained, as I said already, in 29 States of the United States, in 3 Dominions of the British Commonwealth, in 12 countries of Europe and 6 republics of South America. The United Kingdom, which considered this tax as bad for itself, has included this tax in the provincial schedule of the Government of India Act. The country which rejected it as bad, has put it as the only important resource for the provinces in India. I say it is an approver's evidence, and must be accepted as coming from one in whose interest it was not to admit it, unlike the accomplice's own position. Therefore, I consider that the very fact that Great Britain did not consider it good supports the proposal of this Government. If they did not consider it good, still they found no other possible substitute for this country. Known to be bad, it is still given as a principal item of taxation to this Province. It only means that, there is no way out; it means that, even though they did not consider it good, and having thrown it out in their own country, they found it as the only possible resource for this country. Therefore it is, that I quote the fact that Great Britain did not approve of it and yet has given it to us.

"Then, Sir, as regards the point of incidence. In Germany, it is a general sales tax on the total turnover at every stage and includes sales of services. In Belgium it is a general sales tax on retail as well as wholesale sales. In Canada the tax is on wholesale sales of producers, manufacturers and importers. In

France it is on general sales, with specific rates for specialized industries, higher rates for articles of luxury, and so on. Therefore, there is no uniformity about it. It is not as if it must be done in one way, and not in another way.

"Altogether, therefore, there is sufficient precedent for this adventure in taxation, as the Opposition might call it. I do not think that it is a rash adventure without precedent. Other States have walked before us. The main provisions are well known now. Yet all the arguments would be so framed on the other side as if this tax were a ten per cent tax, as if it were a heavy burden which is going to ruin those who will not be otherwise ruined. That is why I wish to insist again on the lightness of this burden. All traders making a turnover of less than ten thousand rupees are exempt from taxation, let it be remembered. The principal exemptions are also there. As hon. Members are aware, cotton and its products up to yarn, brokers and growers of produce have been provided for. And in the amended Bill, skins and hides are provided for with exemptions, except that export of manufactured articles are provided for with a rebate of half the tax that is leviable upon them. Apart from this exemption on turnover of less than ten thousand rupees, even for a turnover up to twenty thousand rupees, traders have to pay only just as though it were a turnover of a little over ten thousand rupees, that is, five rupees a month. It is only those who go above twenty thousand rupees that have to pay half per cent as we call it in this Bill, or one pie in the rupee as might be understood in the coinage prevailing in this part of the country. This, I submit, is not a burden, on which arguments should be based.

"A number of amendments have been given notice of, and I am sure every one of them will be thoroughly threshed out when the clauses are taken up. Generally speaking, however, the major amendments, I find from the printed list which has been circulated, consist of suggestions to enhance the exemption limit to something from ten thousand to twenty thousand rupees. I will be able to explain why the Government cannot accept that proposal, when the amendments are moved. Another set of amendments suggests the increase of the block limit to either thirty or forty thousand rupees. Another set of major amendments is—and that is most important—for the reduction of the rate of the tax from half per cent to one-fourth per cent or one-eighth per cent, and for the block rate to he reduced still further to Rs. 4, Rs. 3, Rs. 2-8-0 and so on. I hope to explain, when the amendments are moved, why the Government cannot accept those amendments. There is another set of amendments which seeks to levy the tax at a single stage, instead of at all stages, or to exempt all but retail sales. Then, there are amendments to exempt co-operative societies and to add to the number of articles to be exempted.

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Another major amendment is to postpone the operation of the Act to 1st April 1940. I refer to these things just to make the position clear, so that, those who move those amendments might see that the Government want all the arguments to be put forward in support of them, because Government have not been satisfied with the correctness of the arguments so far advanced. I give notice, so to say, that those who move the amendments should reinforce them with reasons which would convince the House of their soundness. I do not think I need detain the House any further. I beg to move, Sir, that the Bill be taken into consideration."

Mr. SPEAKER:—" The question is—

' that the Madras General Sales Tax Bill, 1939, as amended by the Select Committee be taken into consideration.'

" Mr. Khalif-ul-lah Sahib has given notice of a motion to postpone the consideration of the Bill. Does the hon. Member wish to move it? "

* Khan Bahadur P. KHALIF-UL-LAH SAHIB Bahadur:—" Yes, Sir."

Mr. SPEAKER:—" Is it a motion to postpone the consideration of the Bill for six months, or is it a motion for circulation? "

* Khan Bahadur P. KHALIF-UL-LAH SAHIB Bahadur:—" I have stated clearly in my resolution that the consideration of the Bill is to be postponed with a view to ascertain public opinion and the views of the commercial bodies."

Mr. SPEAKER:—" But the latter portion is not in order. The hon. Member may put it simply as a motion for postponing the consideration of the Bill for a period of six months. You may say that the Bill be taken into consideration this day six months hence, and move it without adducing any arguments or reasons on the merits of the Bill, because they relate to a different motion, namely, the circulation of the Bill."

* Khan Bahadur P. KHALIF-UL-LAH SAHIB Bahadur:—" Yes, Sir."

Mr. SPEAKER:—" Without going into the merits of the Bill? "

* Khan Bahadur P. KHALIF-UL-LAH SAHIB Bahadur:—" I shall certainly not enter into the merits of the Bill unless it be by way of reasons . . ."

Mr. SPEAKER:—" In moving the motion for the postponement of the consideration of the Bill . . ."

* Khan Bahadur P. KHALIF-UL-LAH SAHIB Bahadur:—" I think I am bound to convince the House . . ."

Mr. SPEAKER:—" Yes, without going into the merits of the Bill. The hon. Member should confine himself to the subject-matter of the amendment."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"Sir, I beg to move—

'*that the consideration of this Bill be postponed by a period of six months.*'

"In moving this motion, I do so with a full knowledge that I am hitting against a dead wall, if not a live road-roller in full steam. Because, so far as I am able to gauge the opinion on the other side, they are out to get the Bill passed, whatever the opposition from this side may be, or whatever the strength of the opposition in the country may be. Anyhow, Sir, I feel I shall be failing in my duty if I do not move this amendment; because, as I understand the public mind and I say this, after a very close contact with nearly half-a-dozen districts, the public are dead against this Bill. I can assure the Hon. the Premier that the objection of the public to this Bill is not because they are afraid of a new tax, but they are afraid of the repercussions of this tax—and they have very sound reasons for such fears. I may assure the Hon. the Premier that so far as I am able to see—and I have said it once before in this House—I consider this to be a most revolutionary piece of taxation. Of course, the Hon. the Premier will at once admit that this is the first time this tax is sought to be introduced in India, and he has to take the credit for it.

"In moving that the Bill be taken into consideration, he has also given us, in more or less good detail, the various countries in which this tax has been adopted; that particularly, in Germany, when it was adopted, that country was in a most depressed condition, and that it soon thought it fit by experience to make it a permanent measure of taxation. As my hon. Friend, Mr. Langley, asked, I ask 'What is the comparison between India and the countries to which the Hon. Premier referred?' I think statistics have already been taken, and they go clearly to show that the income of the average Indian is only an anna and a half a day. Can the Hon. Premier tell us that this income of an anna and a half a day is the income of the average man in Germany or France or the United States or Canada or Australia or any of the countries to which he referred? I submit it bears absolutely no m. comparison whatsoever. That is exactly the main reason why this form of taxation is most unsuited to our country and particularly to this Presidency; because poor as Indians are, the Madrasis are poorer still. Leaving out of consideration the colossal income of the millionaires of Bombay, Calcutta, etc., if we consider only the poor Madrasi, I must submit that the average income of the average Madrasi will be much less than one and a half annas a day.

"Now, whom does this tax affect? Does anybody know or consider this question, Sir? We are given various opinions. We were told in this House that new taxes were going to be introduced and that they were going to affect the townsman as against the

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villager. And I think, Sir, that this sales tax also is in that list. Now, I ask, 'Is it contended that this tax is going to affect only the townsman and not the villager?' Again there is another set of arguments coming from the Congress Members to the effect that it will affect only the merchant and there is . . ."

MR. SPEAKER:—"I think all those arguments will not be relevant to the amending motion. The hon. Member will have to confine himself to the subject-matter of the amendment."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"I beg to submit that these arguments are absolutely necessary for the support of the motion that I am moving in this House. All these arguments will go to show that there is no fixed opinion about this Bill. Nobody knows whom the Bill will affect, when it will affect, how it will affect and to what extent it will affect. I am, therefore, Sir, perfectly relevant in referring to all these matters, to these differences of opinion prevailing not among the Opposition members or people opposing this Bill, but among the members belonging to the party which is responsible for this Bill. Even if those members could not have one opinion about this matter, it is all the more reason why the consideration of this Bill should be postponed to a later date. That is the main purpose of my referring to these matters. When Congressmen go to the villages—I am speaking only from the information that I have got from the newspapers I read—they appeal to the villager in meetings held in the village, that it is not going to affect the villager at all, that this tax is going to be collected only from the merchant and therefore it is going to affect only the merchant and so the villager need not at all be afraid. The argument is advanced in towns and before merchants: 'After all can you not afford to be an honorary bill-collector for the Congress Government which is the people's Government? Can you not collect this tax from the consumer, from the man who purchases the stuff from you and pass it on to the Government? These are all the taxes that you are bound to pay and for this service that you do for this Government, you should not consider it even an honorary service, because . . .' I remember that the Hon. the Premier himself speaking the other day in the Congress House said that if the rate of taxation is one pie in the rupee, we cannot expect the merchant . . . (Interruption.) If it is one pie, whether it be in the rupee or in the anna, what the Hon. the Premier said there was that the merchant will not rest content with that one pie and will go and collect either 2 pies or 3 pies and make a profit for himself in the name of this tax . . ."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I am not raising a point of order, Sir. Would it be right for me to answer all these arguments on this motion? Would it be possible for me to go through it all?"

MR. SPEAKER:—" I think the hon. Member need not go on at this rate. If at all relevant, these arguments are remotely relevant and all these matters will be discussed at length on the original motion. I think he must confine himself to matters as to why the consideration of the Bill should be postponed by six months, for there is no use going into the merits, going into the rates of the tax and so on. Practically the hon. Member's speech is a speech on the original motion."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" I am not referring to the . . ."

MR. SPEAKER:—" I think the hon. Member will have to confine himself . . ."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" I am not referring to the main motion. In moving my motion, I have necessarily to show the weakness of the main motion."

MR. SPEAKER:—" It is an amendment. Already the hon. Member has taken considerable time over an amendment for the postponement of the consideration of the Bill for six months. He must finish his speech in five minutes."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" I do not think it is possible for me to finish my speech in five minutes . . ."

MR. SPEAKER:—" Then the hon. Member may take another five minutes."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" I do not know if I will be able to discharge my duty. If it is the ruling of the Chair that I should finish in five minutes, I submit I cannot do justice to the motion."

MR. SPEAKER:—" Because the hon. Member will have an opportunity on the discussion of the main motion. The House is going to deal with the main motion."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" Unless I am given half an hour, I am afraid, I shall not be able to . . ."

MR. SPEAKER:—" This is only an amendment for the postponement of the consideration of the Bill and we cannot waste the time of the House. I cannot allow more than 15 minutes for the mover."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I hope, Sir, the position is clear. All these will have to be discussed again. All these things will have to be . . ."

MR. SPEAKER:—" The main issues are being raised upon the motion for the postponement of the consideration; the hon. Member should not go on in that strain."

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* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"However much I may try to please the Chair, I am afraid, I shall not be able to finish my speech within fifteen minutes as prescribed by the Chair."

MR. SPEAKER:—"I think it will have to be."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"Of course, I leave it to the Chair to decide when that stage comes."

MR. SPEAKER:—"The hon. Member may go on; he need not dwell upon the merits or advance arguments that will have to be advanced in discussing the main motion."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"We were listening to arguments regarding the petrol tax and the caricature regarding the sales tax; but I am here . . ."

MR. SPEAKER:—"The hon. Member may also have some caricatures referred to on the main motion."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"It is only to stifle the main motion that I want a full opportunity to discuss the question at some reasonable length.

"I have been saying, Sir, that even the Hon. the Premier the other day said that the merchant in being a bill-collector for the Government will make a profit by reason of this very tax . . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I never referred to any bill-collector in any speech that I made, Sir."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"I agree with that at once. The Hon. Premier never called the merchant a bill-collector. The merchant has been called a bill-collector so many times that we forget who said that in the Congress party. But the fact is there that the Hon. the Premier said that the merchant will try to make some gain out of this tax. If that is so, Sir, he himself is aware of the fact that this piece of taxation is not going to remain at one pie in the rupee; and if it is to be doubled or trebled even at one stage, what is to become of it at the numerous stages at which this tax is going to be collected? There is the danger even of this tax accumulating to something like 50, 25 or 30 per cent. Therefore, Sir, so far as this aspect of the case is concerned, it is a matter which requires very great consideration and a thorough enquiry, without which we will be taking a leap in the dark. That is so far as this point is concerned.

"Then as regards the question as to whom it is going to affect, so far as the other taxes are concerned, we know how it is going to affect the people. For instance . . ."

MR. SPEAKER:—" Does the hon. Member expect the Prime Minister to reply to all these arguments that are being advanced? "

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" I do not know . . ."

MR. SPEAKER:—" Is it meant that the Select Committee has not had sufficient time and so forth and that the Select Committee had not given sufficient attention and so . . ."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" I am only stating these things to show from the concluding portion of the Report that the Select Committee or even the Government had not had time to consider all these aspects. I have placed the difficulties before the House, Sir . . ."

MR. SPEAKER:—" All this elaboration of the arguments about these difficulties will be a speech on the main motion itself. The hon. Member may state briefly instead of elaborating the points."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" I do not think that I would be doing justice to my motion if I do not mention any of the points. I am not here giving a precis of what I am going to speak about.

" In this connexion, Sir, I only wish to refer to the fact that so far as this piece of taxation is concerned, it is going to affect every individual in this Province. So far as the land tax is concerned, it affects only the landholder; so far as the petrol tax is concerned, it affects only the man who buys petrol. But so far as this piece of taxation is concerned, it is going to affect every one in the land; it is going to affect the merchant, it is going to affect the townsman, it is going to affect the villager; it is going to affect men, women and children. There is not going to be one man in this Province who will not be affected by this piece of taxation.

" Well, Sir, we know that the Hon. the Premier and his Government, so far as the Estates Land Act question was concerned . . ."

MR. SPEAKER:—" I think the hon. Member is travelling far away from the subject. The amendment moved is a definite amendment for postponing the consideration of the Bill; and it is not regular—it is distinctly said in May's Practice that it is not regular—to discuss the merits of a Bill or other order of the day upon a motion for its withdrawal or postponement and the debate must be strictly confined to the object of the motion. A similar restraint has been placed upon the motion for re-committal. Otherwise the merits of a Bill will be debated upon not only at

its several stages but whenever its postponement is sought. The discussion upon the merits of various other Bills and all that, is travelling too much into the field. I will stop the hon. Member if he proceeds at this rate. He must strictly confine himself to the point that the consideration of the Bill should be postponed. I do not allow him to proceed with the merits of the Bill. He may have his right of speech upon the main motion, when, he can refer to all these matters."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:— "Even when I simply mentioned the Estates Land Act, you were pleased to say that I was going out of bounds. I am not entering into the merits of the Bill or the merits of the recommendations made in the Report of the Estates Land Act Committee. I am only drawing a comparison. The legislation that the Government propose to introduce regarding the zamindari tenures is less important and less far-reaching when compared to this piece of legislation. This is, as I said, the most revolutionary one and there is absolutely no equal to it in this Presidency or for the matter in the whole of India. It is only in that connexion that I wish to draw the attention of the House to the manner in which this very same Government approach the amendments to the Estates Land Act. There they appointed a Committee; that Committee has 4-15 p.m. travelled throughout the Province, heard witnesses and published a big Report covering about twenty printed volumes; still we do not see the evidence of any piece of legislation being placed before this House. That is the way in which any legislative changes ought to be made and I only wish that this Government would adopt that method, or a still better method, with greater details and greater scrutiny over all the pros and cons of the question, when it is particularly a measure of taxation like the sales tax. It is with this object, Sir, that I referred to the Estates Land Act Committee and I think I was perfectly right in doing so.

"Now, Sir, so far as this piece of legislation is concerned I beg to submit—I am not in the secrets of the Government, but so far as I am able to know—that I am not aware of any serious examination of this question being made by the Government. Any piece of legislation, particularly a piece of legislation like this, ought to have been considered by a committee containing a number of experts, expert economists, taxation experts, administrative experts, experts of commerce and industry and also a few representatives of consumers. It is only by the formation of such a committee and the consideration of this matter in all its broad aspects and details by such a committee, by taking evidence from all people that will be affected by this piece of legislation, that the Government can come to a final conclusion whether this piece of taxation is fit and proper to be levied in this Province or not. I submit that so far as the Government have taken the public

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into their confidence, the public are not aware of any such step being taken by the Government. Therefore, that is another reason why the consideration of this Bill should be postponed by at least a few months, so that the time may be utilized for studying this question in greater detail and in close touch with the parties that are going to be affected by it.

" Again, in introducing any taxation measure, so far at least as my experience goes, the Government generally have their own estimate of the income that is expected from that measure. But, as regards this piece of legislation, I submit that the Government have no estimates at all, because the Hon. the Premier has said himself that it may be one crore or may be four crores or may be more. I am not quoting any Opposition Member or anybody opposing this measure, but one who is a leading Congressman himself, a member of the other House and who is well versed in commercial and industrial matters concerning this Presidency; that leading Congressman has given us to understand that the income from this means of taxation will be at the minimum Rs. 15 crores per annum. There are other opinions expressed in the Press that it may be even more and may come to Rs. 30 crores. It may be reasonable or not. But I beg to draw the attention of the House to the fact that it is better to think more about this taxation and to get a more or less rough idea of the amount of the income expected from this taxation. It may be one or two crores or it may be four or five crores; but it certainly cannot range from one to thirty crores. Therefore I submit that much thought has not been bestowed upon this very important factor and therefore it is another reason why some more time should be taken for the consideration of this Bill.

" Yet another point that I would urge in pressing my amendment for the acceptance of this House is that our Province is absolutely unfit for such a sales tax. Because, Sir, the other countries . . ."

MR. SPEAKER :—" That is a reason for rejecting the Bill, not for its postponement."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR :—" I will again humbly submit, Sir, that this question has been referred to by me just now in order to show that this aspect of the question has to be considered. That is why I want to postpone the consideration of the Bill. If after consideration at the end of six months we find that this form of taxation is unsuited to our Province, it will be time enough for us to hold this to be the ground for rejecting the Bill altogether.

" I said, Sir, that it is most unsuited to our Province, because ours is . . ."

MR. SPEAKER :—" I think the hon. Member will go on to the next point."

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* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"I will finish in one minute, Sir, and then proceed to the other arguments. I say that this is unsuited to our Province for the simple reason that our Province is not an industrial or a commercial country like Germany, France, Canada, or the United States of America, but it is a purely agricultural country. It is only just now within the last decade or so that some industries are propping up their heads and they have to stand the competition of every foreign country, and not only of foreign countries, but even of our own sister provinces. It is therefore that I submit that this form of taxation is not suited to our Province in the present circumstances of our Province."

MR. SPEAKER:—"Is this the last point?"

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"No, Sir."

MR. SPEAKER:—"I will give you only two minutes."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"The next point I would like to urge at this moment is that the time is most inopportune. The Hon. the Premier referred to Germany adopting this during the Great War. I submit we are not in those days; but here and now we are suffering from depression for the last ten years. We are absolutely exhausted. There is absolutely no sign, at any rate no good sign, of our having got over that depression. Therefore I beg to submit it is most inopportune to bring in a piece of legislation of this sort just at this juncture.

"I may even now warn the Government regarding one or two other matters. Last time when I stated that this form of taxation is bound to drive out industry and commerce from our Province, people laughed at my argument. But to-day I am in a better position. I may say that in Trichinopoly we have got tea merchants who have been doing business for the last 35 years and doing business in lakhs of rupees every month. According to their calculation the tax payable at that single point alone comes to more than about 15 to 20 thousand rupees per year. I was consulted and told, 'Why should I pay this tax? Where is the objection to my shifting to Trivandrum and plying my trade there?' The same is the plight of the hides and skins merchants. I am living in Trichinopoly and I may say that this trade is one of the most important trades and manufactures in this Province; it is the most important in the whole of India and we have got something like 75 per cent of this trade located in the Madras Presidency, and 50 per cent of the trade is in the Trichinopoly town. Now, they have simply to go some one mile on the other side of the tanneries to avoid this taxation; and people are seriously

thinking of shifting their tanneries to Pudukkottah State. I mention these two cases which I know personally and I can assure the *House* that I am *not mentioning them* as any night mare; it is a matter which I have heard from those merchants themselves. So far as this point is concerned I think it deserves the earnest consideration of the Members on the other side.

" I now come to my last point. I beg to submit that this piece of legislation is opposed by every one in the country. I mean the Hon. the *Premier* and the *party* to which he has the honour to belong have personally ascertained and are personally aware that the entire population, or at any rate 90 or 95 per cent of the entire population, is opposed to this piece of legislation . . ."

AN HON. MEMBER :—" No."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR :—" Or, if it is denied, Sir, I can only say they are blind to realize what *is agitating the public mind to-day*, and I *must submit that* it is high time that they resort to a more direct means of ascertaining the mind of the public and seeking the mandate of the electorate on this question. I may assure this House that if to-day this House is dissolved and we go before the electorate on this plank, this measure is bound to secure the defeat of the party which is now in power. They may laugh at me. They may sneer at me. But I only submit that they may wake up when it is not yet too late. With these words I move that the consideration of the Bill be adjourned by six months."

* MR. W. K. M. LANGLEY :—" Mr. Speaker, I beg to second and support the amendment which has just been moved by my hon. Friend, Mr. Khalif-ul-lah Sahib. We have never hesitated to make quite clear our position in this matter. I elaborated it at some length when the Bill was first introduced into this House. That point has also been made this afternoon by the hon. Member who moved this amendment, and that is that a Bill of such enormous importance, such great possibilities, both for good and for evil as far as commerce is concerned, as this Bill undoubtedly is, with possibly most far-reaching effects on trade and commerce of this Presidency, should never have been brought in in the haste with which it has been brought in, and that it should, as my hon Friend has already remarked this afternoon, have formed the subject of a most careful fiscal enquiry, so that if such taxation is necessary—and we have never admitted that it is necessary—it should be brought forward in a way which would have the least possible ill-effect on that trade and commerce which is the life-blood of this Presidency. Now, possibly, the Hon. the Premier may contradict me, but I believe it was generally understood when the Bill was originally brought forward that it would be introduced possibly hastily, but that anyway we should have time until

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August before it was finally passed into law. I think there was 4-3
a general understanding in this House and in the country outside p.m
that it would not be until the August session that the Bill would be finally considered in the way in which we are now considering it to-day and during the next two or three days. Now that would have been more reasonable and yet would not have got over my main objection which is that the whole matter should have been carefully enquired into in the first place before the Bill was presented to us. But at any rate we should have been able to discuss all the points further and possibly got the Bill into some sort of shape if we had time until August to consider it. We all very well know why we have not been given time until August. It is because the gentlemen on the other side of the House are afraid of the feeling in the country. That is why this Bill has been forced on us at the height of the hot weather in this sitting. I say this without fear of contradiction, though my hon. Friends opposite may smile they fear most intensely the strength of the feeling, the most justifiable feeling of indignation which has been expressed all over the country about the terms of this Bill and the singular disregard for the public with which it is now being forced through. (Voices: 'Question' and 'Hear, hear.')

"But Mr. Speaker, if any appeal for time is now required it seems to me that the Government itself and the Hon. the Premier himself have supplied it. I believe an order from the Speaker himself laid down that all amendments to this Bill should be presented not later than 4th May. I turned up in Madras this morning. A large body of amendments had been printed. It was not until about half past ten that the post or some messenger—I am not quite sure which—brought me a large collection of amendments put in by the Premier himself, three days later than the date on which you instructed that all amendments should be in your possession. I may go further and say, that the hon. Members who constitute our group met at midday to-day to discuss this Bill and not one of them had received these amendments at all. They were probably not in the possession of many members of this House until they actually arrived in the House here and these were no less than 23 amendments. That shows the shape in which the Bill is at the present moment. That shows the state of the Bill. The amendments were produced three days late and only when we actually arrived to discuss this Bill no less than 23 amendments come in. If this is not treating the House with something like contempt I do not know what the meaning of the word 'contempt' is. Why were these amendments so much delayed? It is not because they were not simple amendments that the Hon. Premier and his exceedingly able advisers could not well have them prepared before the 4th. It was because the Hon. the Premier was engaged in Calcutta in upsetting a popular vote which

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took place three months ago and he was so busy in upsetting this popular vote in the Congress party that he had no time to treat this House with the respect to which I consider it is entitled.

"Now the suggestion is that the country has had ample time to consider this Bill. I absolutely deny that proposition altogether. Nobody who keeps his eyes and ears open in this Presidency can fail to judge the agitation which still exists in the country. The papers are full of it and this, mind you, is not an engineered agitation. The parties on this side of the House have got no funds for agitation at the present moment. So far there has been no financing of this agitation as agitation is so often financed in this country and brought about in this country by means of finance. It is an absolutely spontaneous agitation against something which the country legitimately feels is going to have a most serious effect on every man, woman and child in this Presidency, and there is no suggestion whatsoever that this agitation and feeling about the Bill and the desire to know more about its possible implications before it is finally brought into shape has been engineered. There has been a most intense feeling of fear in the country that we may possibly commit every man, woman and child in this Presidency to something which may affect their lives in the future in a most serious manner. That is the justification in my opinion for the hon. Member Mr. Khalif-ul-lah's amendment that this measure should be postponed for a period of another six months.

"Indeed the Bill itself still abounds in the most extraordinary anomalies. Can it be said that the Bill has been thoroughly thrashed out even after it emerged after a long discussion in Select Committee and I am afraid, Sir, from what I have heard that the Committee did not seem to know very much about the Bill itself. It comes back from the Committee after a number of days sitting by the Committee and comes to this House with no fewer than 200 amendments or thereabouts. Is it suggested that a Bill with 21 clauses or thereabouts should require no less than 200 amendments after it has been thrashed out in the Committee? All these facts put together show, most conclusively, that the Bill was not properly conceived and it has not been properly thought out and that it requires very much more time in order to produce something which may be a fair and just measure of taxation. Mind you, I am saying nothing against taxation. I am not saying that none of us should be taxed any more. I quite agree with the Premier that we have all got to pay more taxation and possibly that taxation in this Presidency should be more elastic. But that does not justify bringing in a Bill of this colossal nature. I hear people talking of 30 crores and the Congress party talking of 20 crores to be got out of this Bill. A Bill of such a kind is being pushed through with such tremendous haste and without enquiry and this seems to be entirely unjustified. Even the supporters of the Bill are completely at sixes and sevens when they

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go out talking of this Bill. Members of the Treasury Bench in view of the importance of the subject are no doubt out in the country trying to justify this Bill to their constituents and receiving the sort of reception they get nowadays if I may judge from what happens in my own country of Malabar. When they go out to the country how do they talk about the Bill? They know nothing of the Bill. One of them says the consumer will pay. Another says the foreigner will pay. Another says the rich people will pay and the poor will not pay. They have no conception of the Bill. The only person who knows about the full intention of the Bill is the Hon. the Premier. I wish that he knowing what it is would protect us even to the small extent of expressing the powers he seeks in plain black and white. There are endless possibilities about it. By executive motion there is nothing to prevent his turning this sales tax into something like Canadian 8 per cent which the Prime Minister seems to regard as a fair sales tax. Nobody on the Government side understands the Bill except the Premier and possibly the Revenue Minister who is waiting to annex fifty per cent for his ryots if he can get it.

"Now, Sir, I may have spoken a little strongly about this Bill. (Voices: 'No, no.') It is a strong and evil smelling Bill and it requires strong language. Now I will just place another point before the Hon. the Mover of this Bill. The Chancellor of the Exchequer in the United Kingdom when he produces a Bill takes the trouble to consult all important interests concerned before introducing a Bill. But there have been just one or two occasions which have occurred in the British Parliament within the last few years since the War even in connexion with the Budget and the first and most famous case is the case of the National Defence Contribution which was introduced by the Chancellor of Exchequer, Mr. Chamberlain, without carefully considering the facts. Well, when it became known, after agitation, which was quite as strong as the agitation against this Bill in the Madras Presidency, when it became clear in England that the measure of taxation was going to have a really serious effect on trade and commerce and was discussed quietly and carefully between the interests affected and the Chancellor, the next Chancellor Sir John Simon, when Mr. Chamberlain was conveniently promoted as Premier, did the work of strangling this child at birth and producing an entirely fresh measure of National Defence Contribution and at the same time produced it in a way which had nothing like the serious effect on trade and commerce which the original measure would have had. In the same way, after the War, when Winston Churchill introduced the betting tax in the Budget and the bookmakers were too clever for him and threatened large scale evasion, as it will be when this Bill is introduced in this Presidency, he had no hesitation in swallowing his pride and withdrawing that measure of taxation. I have no doubt that 4-45 p.m.
many other similar instances could be produced to the same effect. I therefore maintain, Sir, and submit to you, that everything

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that I have said goes to show that we require more time to consider this most important measure of taxation and that it would be only reasonable to accept the amendment of my hon. Friend Mr. Khalif-ul-lah Sahib with which I and the group I represent most heartly agree."

Mr. SPEAKER:—"The question is—

'*that the consideration of this Bill be postponed by a period of six months.*'

"At this stage I would like to know whether many hon. Members of the Opposition want to speak upon this amendment. (After a pause) I see that that is the case. I shall therefore once for all finish the whole thing by throwing open for discussion the main motion as well as the amendment. If the amendment is discussed separately from the motion for the consideration of the Bill, there will be overlapping of arguments. That can be avoided by throwing open the main motion as well as the amendment for discussion now."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I agree with the suggestion of the Chair, Sir."

Mr. SPEAKER:—"Yes, it will save time. The main motion as well as the amendment are now before the House for discussion."

* MAHBOOB ALI BAIG SAHIB BAHADUR:—"Mr. Speaker, after the most effective speech made by my hon. Friend Mr. Langley, I feel that no further speeches are necessary. But as I have some contribution to make to the discussion, I may, in my own way, be permitted to speak a few words in support of the motion made by my hon. Friend, Mr. Khalif-ul-lah Sahib.

"I will first deal with the motion for the postponement of the consideration of the Bill. I am not one of those who are opposed to the shifting of the burden of taxation from the poor to the rich. At the same time I am of the view that, at the present moment there is no need for this taxation. The Hon. the Premier, in his Budget speech, has made it very clear that, in order that the State may be justified in raising revenues, there must be the expenditure necessitating the raising of additional revenues. The Budget was framed on that principle and the proposals which it contained were accepted. But what do we find? According to the Budget for this year there will be a deficit of Rs. 42 lakhs. Now the question for consideration is whether this tax is necessary to meet that deficit and whether it is permissible for this Government to raise more revenues in any year than the requirements for expenditure in that year. The Hon. the Premier himself has stated in his Budget speech:

'It becomes, therefore, necessary to abandon the old approach and follow the alternative plan of determining the expenditure which is to be incurred and then devising the means of raising revenue sufficient to meet it.'

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"Later on, the Hon. the Premier in the same speech says:

'The budgetary problem for next year (1939–40) then, so far as the Revenue Account is concerned, is the bridging of this gap of Rs. 42·39 lakhs, the detail of which I have given.'

"Now, how did he propose to meet this deficit of 42 and odd lakhs of rupees? He proposed to meet this deficit by introducing taxation measures on motor spirits, on electricity and also on tobacco, and leave uncovered a deficit of Rs. 17 lakhs. So, according to the Budget figures, the position is that there will be an uncovered deficit of only Rs. 17 lakhs. Now I will read to the House another statement made by the Hon. the Premier giving reasons as to why he was not introducing Prohibition throughout the Province. This is what he has stated:

'We have to combine the crusader's spirit with the wisdom of sound management of large responsibilities, unless indeed we would make prohibition only an excuse for a crisis and an escape from responsibility.'

"Therefore, Sir, the position is this: This year, Prohibition has been introduced only in one district, in the North Arcot district. The Hon. the Premier does not propose to extend Prohibition throughout the Province. And what is the deficit that he expects by the end of the financial year? Rupees 42 lakhs. He proposes to meet this by taxing electricity, motor spirits and tobacco. Now I ask whether any case has been made out by the Hon. Gentleman for introducing this Sales Tax Bill now? I submit, according to information published in the papers, the income that will be derived from this Bill is 30 crores of rupees according to some, 15 crores according to some others, and four crores only according to certain others. But, whatever that may be, some crores are expected and not some lakhs. Therefore, Sir, the motion of my hon. Friend Mr. Khalif-ul-lah Sahib is quite justifiable and is based on well-known budgetary principles. Even this Government cannot set at naught budgetary principles, if they want to claim to be a Government based on sound principles of finance. Therefore, Sir, this is the first and foremost reason why the consideration of this Bill must be postponed for six months.

"I have myself given notice of a motion more or less on the same lines as this one. I have therein proposed the postponement of the consideration of this Bill to this day next year. I do not find my amendment being circulated. Perhaps it was received late in the office. If my notice was late the Hon. the Premier's notice also was late and yet my amendment has not been circulated, while the Hon. the Premier's amendments have been circulated. Anyway, I take this opportunity to speak on the motion moved by my hon. Friend Mr. Khalif-ul-lah Sahib and I repeat that the first and most important reason why the consideration must be postponed is that the Hon. the Premier has not made out a case for its consideration now.

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"The *second reason* is this: Sir, whenever a new taxation measure is proposed, the necessity for more money must be proved. In calculating what a taxation measure would fetch, you must have statistics. You must have before you information on the point. We have no information except the vague remarks that the measure may fetch anything between one crore and thirty crores. We have no definite information supplied to us. Ordinary courtesy requires that the Government should supply us with facts and figures and tell us how much they expect this measure to fetch them. They simply say: 'We want this money. Let us pass this Bill.' The House should not agree to this. We must have facts and figures justifying the passing of this measure. Now, if the consideration of this Bill is postponed for six months, it may be possible for this Government to tell us exactly how much money we are going to get from this tax. We may then consider, in view of any impending loss of revenue from Excise in other districts or in view of any concession that the Hon. the Revenue Minister may propose to give to the ryots, the need for a Bill of this kind and pass it unanimously. So, Sir, if six months are given to the Government to collect and furnish to the House facts and figures, the House may be convinced of the need for this measure.

"I have got another equally important reason. As my hon. Friend Mr. Langley has pointed out, several versions have been given to the country about the effect of this measure. Some gentlemen have stated that this measure will be a burden on the consumer; some have stated that its burden will fall only on the merchants and some others have stated that its burden will fall neither on the consumer nor on the merchant, but that it will hit only the producer. Every one has gone to the country to influence the electorate by this and that statement. As I have submitted already, I am one of those who would like that the burden of taxation should be shifted from the poor man to the rich. But how am I to judge now if it is the poor consumer that is going to be affected or if it is the producer or the tiller of the soil that is going to be affected? Why should I vote in favour of the Bill which is going still further to tax the poor consumer or the poor tiller of the soil? I cannot make up my mind now. Mr. Speaker, you will see from the experience of the working of what is called the Petrol Tax Act that certain things are becoming evident. I have read an article, only recently, in newspapers as to how the poor man who travels from one village to another or to a town to sell his wares or goods suffers as a result of the introduction of the petrol-tax. Whereas he was paying prior to the introduction of the petrol-tax As. 2-6 for 21 miles, he is now made to pay 5 annas by the bus owner, and the railway has also increased their rate from As. 1-9 to As. 4-9. Who is it that is now affected? Is it not the villager whose interest it is to go about to sell his goods? I therefore submit:

'Let six months pass: let us see how the newly introduced taxation measures, such as the petrol-tax and other kinds of taxes, affect the people; whether it is really the poor man, the villager, that suffers, or whether it is the producer that suffers, or whether it is the rich man that suffers. Let an opportunity be given to us; let every information be given to us, so that every one of us might honestly vote for this measure or against it.' So, a postponement of this measure for six months is really necessary.

"I am not now really on the point whether this Presidency really can bear this tax or not. From the very way in which the Hon. Premier has laboured to justify the introduction of this measure by quoting the examples of foreign countries, it will be seen how he is labouring to justify his position. The fallacy of the argument on the part of the Hon. Premier is that countries which are not similar to the Madras Presidency are compared to it—I mean Germany and Canada. Is there any reliable information to show that on the date when this tax was introduced in Canada or Germany the earning capacity of the German or the Canadian was similar to the earning capacity of a man in the Madras Presidency? The fallacy lies in comparing two things which are dissimilar. We therefore see that there is no point in comparing those countries with our Presidency. Moreover, in these things comparisons are dangerous. Therefore, I say, 'Let us consider over this matter calmly.'

"After all, I do not see any reason why this Bill should be introduced at all. There is no necessity for it. Is it the plea of the Hon. Premier that he is introducing this measure in order to meet the deficit of 17 lakhs or is it his plea that he is going to introduce Prohibition throughout the whole Presidency here and now? These two questions have been answered by him in his Budget speech itself and he has stated clearly that he is not going to introduce Prohibition this year. Therefore, Sir, I support the motion for the postponement of the consideration of this measure for six months. I feel that the Hon. Premier who enunciated very sound principles and who very carefully said that we should not hasten the introduction of Prohibition in the Presidency—he made this solemn statement before this House at the time of the Budget—should now consider whether this is the proper time to introduce this measure. I submit that he should give us sufficient time to consider all the things that are necessary and then give our honest vote for or against this measure.

"I submit, Sir, that I should not be misunderstood. I am one of those who would like to see that the poor do not suffer. I submit that this is not the way of elevating their condition and that this is not the way to make them earn more money. As I submitted once before, the only proper way of raising the level of their earning capacity is to develop the industries, commerce and trade

of this Province, then to have control over the produce and then introduce marketing system. It is in these ways you can improve the status of the agriculturists and not by taxing in a way which might recoil upon the consumer and might recoil upon the very agriculturist. It is sometimes trotted out in public that the agriculturist is not going to suffer by this measure. I think this is nothing but propaganda. I ask in all sincerity whether the Hon. Premier and the Members of his party really believe that this measure is going to help the agriculturist or the consumer in the country. If the Government are going to tax only the traders, I have no objection. My anxiety is about the poor. But there is the other proposition, viz., that unless trade and commerce improve, the general financial level of the country cannot rise. On both these considerations, I consider that this measure is ill-advised and we must postpone its considertaion at least for six months in order that it might be examined still further and brought before us here."

The House then adjourned to meet again at 2 p.m. the next day.

Appendix I.

[Vide answer to starred question No. 1232 asked by Sri B. Bhaktavatsalu Nayudu at the meeting of the Legislative Assembly held on 8th May 1939, page 449 supra.]

Sachidanandam was convicted for criminal conspiracy and house-breaking by night with intent to commit theft and attempting to break open an iron safe containing money in the Rayapuram *Medical School office room.* This Government obtained his transfer from Port Blair cellular jail to Madras and on his expression of dissociation from methods of violence remitted the unexpired portion of his sentence in October 1937, and he was released.

On his release the Discharged Prisoners' Aid Society gave him a grant of Rs. 75 and on the recommendation of the Premier he was provided with an appointment in a newspaper office on a small salary. This did not satisfy him and he gave up his job and again approached the Premier who arranged another appointment for him on a better salary of Rs. 25 per month. Before his imprisonment he had been employed as a night watchman on a petty salary. The Rs. 25 job also failed to satisfy him, and he gave up the appointment and asked for a political pension of Rs. 100 a month and made the demand under circumstances and threatening a hunger-strike in the Premier's house where he sat down to fast, which led him to be removed bodily and prosecuted. He was stated to be on hunger-strike while on remand and he was handed over to the custody of his relatives for production during trial. He was convicted by the Presidency Magistrate in April 1938. On the importunities of his relatives who pleaded for him, the prisoner was released on 6th May 1938, he having given an undertaking to be of good behaviour for one year and refraining from acts similar to those for which he had been convicted.

On 27th March 1939, he joined the anti-Hindustani movement and picketed and was convicted. He began a hunger-strike on the same day.

APPENDIX II.

[Vide answer to unstarred question No. 376 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 8th May 1939, page 461 supra.]

Statement.

	Expenditure incurred.		
	RS.	A.	P.
1 Madras Park Fair Exhibition—23rd December 1936 to 7th January 1937	332	4	6
2 All-India Khadi and Swadeshi Exhibition, Salem -August 1937	97	3	3
3 Lahore Exhibition—December 1937 (Exhibits forwarded to Chief Conservator of Forests, Punjab, for display at the Exhibition) ..	55	3	6
4 All-India Khadi and Swadeshi Exhibition, Calicut, 1937—28th November to 12th December	162	14	0
5 Madras Park Fair Exhibition—December 1937 to January 1938	292	15	6
6 All-India Khadi and Swadeshi Exhibition, Coimbatore - March to April 1938	84	4	0
7 All-India Khadi and Swadeshi Exhibition, Salem, 1938—August 1938	118	11	3
8 All-India Khadi and Swadeshi Exhibition, Calicut, 1938—December 1938	172	11	0
9 All-India Khadi and Swadeshi Exhibition, Congress House, Madras—17th December 1938 to 15th January 1939	727	0	0

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APPENDIX III.

[Vide answer to unstarred question No. 385 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 8th May 1939, page 464 supra.]

Statement showing the number of licences for the possession of arms for sport, protection or display or for the destruction of wild animals that do injury to crops, cattle or human beings which were in force in the Madras Presidency during the years 1930, 1935, 1937 *and* 1938.

District.	Number of licences which were in force during			
	1930.	1935.	1937.	1938.
Anantapur	2,065	1,884	1,718	1,793
Arcot, North	3,034	2,821	2,570	2,697
Arcot, South	2,423	1,991	2,020	2,130
Bellary	2,955	3,043	2,786	2,920
Chingleput	2,591	1,733	1,800	1,812
Chittoor	3,841	3,445	3,455	3,778
Coimbatore	2,044	2,183	2,171	2,274
Cuddapah	1,763	1,512	1,410	1,490
Godavari, East	2,378	1,810	1,634	1,575
Godavari, West	1,894	1,331	1,219	1,254
Guntur	1,860	1,650	1,800	1,564
Kanara, South	7,486	7,341	7,519	7,909
Kistna	2,108	1,643	1,643	1,755
Kurnool	1,775	1,538	1,518	1,507
Madras	2,119	1,767	1,883	1,889
Madura	2,873	2,635	2,594	2,619
Malabar	10,498	9,483	8,284	8,358
Nellore	1,717	1,290	1,295	1,330
Nilgiris, The	1,798	1 493	1,472	2,040
Ramnad	1,573	1,308	1,207	1,202
Salem	6,038	5,197	4,736	5,205
Tanjore	2,284	2,099	1,956	1,999
Tinnevelly	2,368	2,141	1,971	1,902
Trichinopoly	2,390	2,578	2,497	2,443
Vizagapatam	2,834	2,247	2,468	3,181
Total ..	74,709	66,163	63,626	66,626

NOTE.—The figures relating to Ganjam district for the years 1930 and 1935 have been omitted.

THE MADRAS LEGISLATIVE ASSEMBLY.

Tuesday, 9th May, 1939.

The House met in the Assembly Building, Chepauk, at two of the clock, Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

* 1244 *Q.*[a]—Postponed as the Hon. Premier was not present.

Remission of land revenue in Malabar district.

* 1245 *Q.*—P. K. MOHIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) the total amount of land revenue remitted for (i) the last fasli and (ii) the present fasli in the whole Province; and

(*b*) the amount remitted in Malabar district?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" The hon. Member is presumably referring to seasonal remissions. His attention is invited to column 47 in Statement No. 4 appended to the Jamabandi report for fasli 1347 which has been published. The figures for fasli 1348 are not yet available."

Total extent of land and the area under cultivation in whole inam villages.

* 1246 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Revenue be pleased to state whether the information called for regarding the total acreage of land in whole inam villages paying quit-rent and the total acreage under cultivation asked for in unstarred question No. 97 answered on 29th January 1938 has been received; and if so, what it is?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" A statement[b] giving the total acreage of land in whole inam villages is laid on the table. A few of these villages pay no quit-rent at all but the exclusion of particulars regarding these villages will involve considerable labour. Statistics of cultivation in whole inam villages are not separately compiled."

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[a] Vide page 507 infra.

[b] Printed as Appendix I on page 585 infra.

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SRI K. V. R. SWAMI :—" May I know what the quit rent received from these villages is? "

SRI T. VISWANATHAM :—" I have just said that it is not easy to separate these figures."

Closing of the breach in the Big tank in Chundi village in Chundi Estate.

* 1247 Q.—SRI B. PERUMAL NAYUDU : Will the Hon. the *Minister for Revenue be pleased to state*—

(a) whether the Government have received any representations that the irrigation tank known as the Big tank in Chundi, a village in Chundi Estate, now under the management of the Court of Wards breached more than 12 years ago and that as a result of it, the irrigation tanks of Lingasamudram and Viraraghavanikota have also breached, causing considerable loss and misery to the ayacutdars under all those tanks;

(b) whether it is a fact that the breach has not been closed till now, though the ryots affected have repeatedly represented to the late zamindar about the urgency of it;

(c) whether it is a fact that the Proprietors of Lingasamudram and Viraraghavanikota villages are unable to do any repairs of a permanent nature to their tanks, till the Chundi tank breach is closed since the latter acts as a flood regulator to the former, which are lower down; and

(d) whether in view of the representations made to the Government by the ryots the Government propose to call for an estimate and have the work done at an early date?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam :—" (a) The answer is in the negative.

" (b), (c) & (d) A report has been called for."

Alleged assault on one Venkatappa Rao of Chicacole.

* 1248. Q.—SRI C. NARASIMHAM : Will the Hon. the Minister for Revenue be pleased to state with reference to starred question No. 841 answered on 25th February 1939—

(a) whether the Government have received any report regarding the assault on Narayana Chetti Venkatappa Rao of Chicacole; and

(b) if so, what the report is?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam :—" (a) Yes.

" (b) It is reported that the incident to which the question refers did not constitute an assault."

Installation of radio sets in the Ramnad district.

* 1249 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) the amount of money allotted for the installation of radio sets in the rural parts of the Province in 1939–40;

(*b*) the amount so allotted to the Ramnad district;

(*c*) the number of villages in the Ramnad district selected for such installation in 1938–39 and in 1939–40; and

(*d*) the names of the villages so selected?

THE HON. MR. YAKUB HASAN:—"(*a*) Rs. 1,13,400.

"(*b*) Roughly Rs. 3,000 for ten sets to be installed in seven villages.

"(*c*) & (*d*) The attention of the hon. Member is invited to clause (*c*) of question No. 814 answered on 24th February 1939. To those five villages will have to be added Aruppukottai (four sets) and Manamadurai (one set). No set was installed in any of the villages in 1938–39. Sets will be installed in all the villages in 1939–40."

SRI S. NAGAPPA:—"May I know what the total number of radio sets is and in how many villages they have been distributed throughout the Province?"

THE HON. MR. YAKUB HASAN:—"Notice, Sir."

Manning of the Ports at Masulipatam, Cuddalore and Negapatam.

* 1250 *Q.*—SRI T. S. CHOKKALINGAM PILLAI: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) whether the Port at Masulipatam was manned by a European Port Officer and that scheme was abolished and the Port run by an Indian Port Conservator till 1938;

(*b*) the necessity for converting the abovesaid port into a European Port Officer station again; and

(*c*) whether the Government will consider the extension of the Port Conservator scheme to Cuddalore and Negapatam?

THE HON. MR. YAKUB HASAN:—"(*a*) & (*b*) The Madras Port Service to which Port Officers belong and the Madras Port Subordinate Service to which Port Conservators belong do not recognize any distinction between Europeans and Indians. There was a Port Officer at Masulipatam prior to 1920. As the trade of the port declined it was thought unnecessary to have a Port Officer at the place and in the interests of economy a Port Conservator was appointed from 1922, customs officers attending to the work between 1920 .

and 1922. Subsequently, there was a revival of the trade at the port, and a Port Officer was temporarily sanctioned in 1936 for the port, for six months in the first instance, and the post is being continued temporarily from year to year.

"(c) There is no such thing as a 'Port Conservator scheme.' There are Port Officers at Cuddalore and Negapatam as the volume of trade and the importance of these ports warrant the appointment of Provincial Service Officers, rather than subordinate service officers."

SRI V. VENKATASUBBAYYA:—"May I know the salary paid to the European Port Officer and the salary paid to the Indian Port Conservator?"

THE HON. MR. YAKUB HASAN:—"Notice, Sir."

Reduction of the existing rates for electricity in the City of Madras.

* 1251 *Q.*—SRI D. RAMALINGA REDDIYAR: Will the Hon. the Minister for Public Works be pleased to state what steps the Government have taken so far to reduce the rates of electricity now prevailing within the City of Madras?

THE HON. MR. YAKUB HASAN:—"The matter is under correspondence with the licensees. A decision will be arrived at very shortly."

Prohibition of convicts of certain age from attending jail schools.

* 1252 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state—

(*a*) whether it is a fact that a Government Order was issued some time ago, prohibiting convicts of certain age from attending jail schools; and

(*b*) if so, whether the Government Order will be placed on the table?

THE HON. DR. P. SUBBARAYAN:—"(*a*) The answer is in the affirmative.

"(*b*) The hon. Member is referred to sub-rule (3) of rule 284-E of part II of the Jail Manual. The order was issued on 3rd March 1938 and incorporated as the second sentence in the sub-rule."

SRI K. V. R. SWAMI:—"May I request the Hon. Minister to state the reasons for this order, Sir?"

THE HON. DR. P. SUBBARAYAN:—"The order was passed for the simple reason that teaching people after the age of 30 is a difficult matter."

SRI S. NAGAPPA:—"May I ask what the intention of the Government was in passing this order?"

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THE HON. DR. P. SUBBARAYAN:—"I have already explained the intention of the Government."

SRI K. V. R. SWAMI:—"May I know, Sir, whether it is not a fact that quite a number of persons are idling away their time and instead of this they could learn something?"

THE HON. DR. P. SUBBARAYAN:—"I do not think the hon. Gentleman's presumption is correct."

Religious instruction to the inmates of the Erukala Criminal Settlement at Stuartpuram.

* 1253 *Q.*—SRI V. VENKATASUBBAYYA: Will the Hon. the Minister for Law be pleased to state—

(*a*) how many of the population of the Erukala Criminal Settlement at Stuartpuram still remain Hindus;

(*b*) how many of them have been converted to Christianity and when; and

(*c*) what arrangements have been made for the religious instruction of the inmates of the Settlement?

THE HON. DR. P. SUBBARAYAN:—"(*a*), (*b*) & (*c*) The Government have no information, but have called for it."

Expenditure on the Erukala Criminal Settlement at Stuartpuram.

* 1254 *Q.*—SRI V. VENKATASUBBAYYA: Will the Hon. the Minister for Law be pleased to state—

(*a*) the total expenditure on the Erukala Criminal Settlement at Stuartpuram during the years 1937, 1938 and 1939, respectively;

(*b*) what portion of it has been contributed by the Government; and

(*c*) whether the accounts of the Settlement are audited every year by the Government?

THE HON. DR. P. SUBBARAYAN:—"(*a*) & (*b*) The entire amount of the expenditure on the Settlement is met by the Government. The Government have no information regarding the expenditure during 1937 but have called for it. The total net expenditure during 1938 was Rs. 18,323-8-7. It is not possible yet to say what the expenditure for 1939 will be.

"(*c*) The answer is in the affirmative."

Method of recruitment of Official Receivers under the new scheme.

* 1255 *Q.*—SRI N. RANGA REDDI: Will the Hon. the Minister for Law be pleased to state the method of recruitment for Official Receivers in the new scheme after provincialization?

THE HON. DR. P. SUBBARAYAN:—"The matter is under consideration."

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Particulars regarding the cost of the sera, etc., used in the Government hospitals in this Province.

*1256 *Q.*—Sri P. S. SRINIVASA AYYAR: Will the Hon. the Minister for Public Health be pleased to state with reference to the latest statistics per year available—

(*a*) the cost of all sera, vaccines and bacteriophages used for curative and preventive purposes in all the Government hospitals in this Province;

(*b*) the total value of the above prepared in the King Institute, Guindy;

(*c*) the value of the above imported from foreign countries and from other provinces for the use of the Government institutions in this Province; and

(*d*) the approximate total value of the above articles imported from outside and used by local bodies, private practitioners and all other institutions in this Province?

The Hon. Dr. T. S. S. RAJAN:—" (*a*) *to* (*d*) Information has been called for."

Fluorine test in the wells constructed under the new Rural Water-Supply Scheme.

*1257 *Q.*—Sri V. VENKATASUBBAYYA: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) how many wells constructed under the new Rural Water-Supply Scheme have been tested for fluorine till now;

(*b*) how many of these wells have been found to contain fluorine and in what localities; and

(*c*) whether the water is tested before the construction of the well as soon as water is got at, or, after the construction is completed?

The Hon. Dr. T. S. S. RAJAN:—" (*a*) & (*b*) The information is not available.

" (*c*) The water is tested while the well is under construction as soon as water is ready for sampling after yield tests."

Sri V. VENKATASUBBAYYA:—" May I know what is done with the well where fluorine is found? Is it abandoned or continued to be used? "

The Hon. Dr. T. S. S. RAJAN:—" The question of the potability of water containing fluorine is still under investigation and till then the Government are of opinion that the water can be used by people without much damage to their health."

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Reasons for not introducing hand-pounded rice in the General Hospital and Mental Hospital, Madras.

* 1258 *Q*.—Sri Muthu Kr. Ar. Kr. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether hand-pounded rice has been ordered to be used in the Government hospitals except the General Hospital and the Mental Hospital at Madras; and

(*b*) if so, why the two hospitals are excepted?

The Hon. Dr. T. S. S. RAJAN:—" (*a*) & (*b*) The Surgeon-General has been permitted to sanction the supply during 1939–40, of hand-pounded rice to all Government hospitals in the Province except to the Government General and Mental Hospitals, Madras, stress being laid on the necessity for ensuring that the rice supplied is genuine hand-pounded rice. The two hospitals have been excepted as the extra expenditure to be incurred, if they are also supplied with hand-pounded rice, would be very heavy."

Reasons for the non-introduction of hand-pounded rice in the General Hospital, Madras.

* 1259 *Q*.—Sri V. VENKATASUBBAYYA: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether it is a fact that in the General Hospital alone, hand-pounded rice has not yet been introduced; and if so, why it has not been introduced; and

(*b*) if any experiments are still being made in this connexion, what the points are for ascertaining which the experiments are being made?

The Hon. Dr. T. S. S. RAJAN:—" (*a*) The attention of the hon. Member is invited to the answer given to Legislative Assembly Question No. 1258 on the same subject.

" (*b*) No experiments are being done since it has been definitely proved that the nutritive value of hand-pounded rice is superior to polished rice. The reason for not introducing it in the General Hospital and the Mental Hospital is one of increased financial commitment which could not be met this year."

Sri V. VENKATASUBBAYYA:—" May I know what the difference in cost between hand-pounded rice and mill rice would work at? "

The Hon. Dr. T. S. S. RAJAN:—" I cannot give the exact figures, but I may assure the hon. Member that it is no mean amount."

Grant of certificate to Ayurvedic companies for supply of Ayurvedic medicines.

* 1260 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) the Ayurvedic companies certified to supply medicines to the Ayurvedic dispensaries under the Government management or control;

(*b*) the officer who so certifies;

(*c*) the procedure adopted by him before certification;

(*d*) whether the officer makes surprise visits to the company's stores and examines the medicines; and

(*e*) whether the certification is made annually?

THE HON. DR. T. S. S. RAJAN:—"(*a*) *to* (*e*) Information has been called for."

Schemes, if any, suggested by the Central Government for the development of industries.

* 1261 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether there are any schemes of development of industries suggested by the Central Government or whether any communication in this regard was received in 1937 or later; and

(*b*) if so, what these are?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri.—"(*a*) The answer is in the negative.

"(*b*) Does not arise."

Redressal of the grievances of the students of the Government Textile Institute.

* 1262 *Q.*—SRI P. R. K. SARMA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether a memorandum setting forth their difficulties and suggesting proposals for redress thereof was submitted recently to Government by the students of the Government Textile Institute through the Principal of the Institute;

(*b*) whether it was forwarded to Government by the Principal; if not, whether the Government will send for it from the Principal;

(*c*) whether the Government received any memorials from the parents and guardians of the students of the Institute; and

(*d*) what action was taken or is proposed to be taken in the matter and whether the complaints have been or are proposed to be investigated?

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SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri.—" (a) & (b) The students of the Institute submitted in September 1938 to the Principal a memorial addressed to the Minister. On the Principal explaining to the students the present position of the Institute and the conditions which have to be satisfied before instituting a *diploma, they withdrew the memorial.*

" (c) Yes.

" (d) The Government have fully examined the case and decided that no action was necessary."

SRI K. V. R. SWAMI :—" May I know whether there was any complaint that the memorial was suppressed and not withdrawn? "

SRI B. S. MURTI :—" I have already stated that a memorial was submitted by the students to the Principal and that the Principal after going through the memorial, explained the present position of the Institute to the students and that the students withdrew the memorial."

SRI S. NAGAPPA :—" May I ask whether the Government are aware that most of the appeals and memorials submitted through the proper channel are either not forwarded at all or are delayed? "

SRI B. S. MURTI :—" If memorials are submitted through the proper channel, they will always be considered."

SRI G. KRISHNA RAO :—" May I know if the Government asked the Principal why he suppressed the memorial? "

SRI B S. MURTI :—" There was no suppression at all."

SRI G. KRISHNA RAO :—" May I ask whether the Government will go into the matter once more and see whether they cannot satisfy the students? "

SRI B. S. MURTI :—" The Government have gone fully into the matter and they do not think that any further action is necessary."

SRI G. KRISHNA RAO :—" This is a very important matter, Sir, and I would like to draw the attention of the Government to it once more so that they may take this into consideration again."

Settlement of the Choolai Mill strike.

* 1263 *Q.*—SRI G. RANGIAH NAYUDU: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) the number of strikers in the Choolai Mill strike and the number of dependants affected by it;

(*b*) what steps the Government are taking to bring about a settlement with regard to the strike;

(*c*) whether the Government contemplate giving any relief to the dependants by way of feeding, etc.; and

(*d*) whether it is a fact that the Government are going to appoint an arbitration board to settle the demands of the Choolai Mill strikers?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (*a*) 2,150. The Government have no information as to the number of dependants affected by the strike.

" (*b*) The communiqué issued by Government on 5th March 1939 gives an account of the steps taken by the Government in connexion with the labour situation in the mills. The Government have also been in touch with the Managing Directors of the Mills at Bombay and have been informed by them that the company is likely to be liquidated voluntarily.

" (*c*) The answer is in the negative.

" (*d*) In view of the answer to clause (*b*) of the question, this does not arise."

SRI P. R. K. SARMA:—" May I know whether the Government are taking any steps to persuade the management of the mills to re-open the mills? "

SRI B. S. MURTI:—" I do not think it arises out of this question."

Affiliation of the Government Textile Institute to the Diploma Examination Board.

* 1264 *Q.*—SRI G. KRISHNA RAO: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether the Government Textile Institute is affiliated to the Diploma Examination Board; and

(*b*) whether any representations have been made to that effect by the students of that Institute?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (*a*) The answer is in the negative.

" (*b*) Yes."

SRI G. KRISHNA RAO:—" In view of the fact that the Government wanted to standardize industrial education in this Presidency, may I know the reason why they have not affiliated the Textile Institute to the Diploma Examination Board? "

SRI B. S. MURTI:—" Notice, Sir."

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Memorandum of the students of the Government Textile Institute regarding their grievances.

* 1265 *Q.*—Sri G. KRISHNA RAO: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether the Hon. the Minister is aware that a memorandum stating their grievances and difficulties which was sent recently through the Principal was withheld by him;

(*b*) if so, whether the Hon. the Minister will call for it;

(*c*) whether the Hon. the Minister received any representations in this matter from the parents and guardians of the students of the Government Textile Institute?

Sri B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (*a*), (*b*) & (*c*) The attention of the hon. Member is invited to the answer given to the starred question No. 1262 asked by Sri P. R. K. Sarma."

Resolutions passed at the Eleventh Annual Conference of the Government Press Workers' Union.

* 1266 *Q.*—Sri B. BHAKTAVATSALU NAYUDU: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) whether the Government received a copy of the resolutions passed at the Eleventh Annual Conference of the Government Press Workers' Union held on 11th June 1938; and

(*b*) what action the Government have taken on each of the resolutions?

The Hon. Sri S. RAMANATHAN:—" (*a*) Yes.

" (*b*) The Government have issued orders on several of the grievances referred to in the resolutions of the Eleventh Annual Conference, 1938. Certain resolutions are still under the consideration of Government."

Sri S. NAGAPPA:—" May I know what resolutions are under the consideration of the Government? "

The Hon. Sri S. RAMANATHAN:—" The question relates to certain grievances the Union had in the year 1938. Since then I have been in touch with the Union and the position has considerably altered."

Date fixed for the publication of the Administration Report of the Province.

* 1267 *Q.*—Sri G. KRISHNA RAO: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) whether there is any date fixed for the publication of the Administration Report of the Province; and

(*b*) if so, what the date is?

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THE HON. SRI S. RAMANATHAN:—" (a) The answer is in the negative.

" (b) Does not arise. The report is usually issued in March."

SRI G. KRISHNA RAO:—" May I know if the Government will take steps to see that the Report is issued before the budget session, so that it may be useful to the Members? "

THE HON. SRI S. RAMANATHAN:—" It is usually issued before the budget session."

SRI G. KRISHNA RAO:—" May I ask why the Report was issued this year on 30th March? "

THE HON. SRI S. RAMANATHAN:—" Owing to certain special difficulties, there was a few days' delay."

Reasons for taking no action against the maladministration of the funds of the Panchayat Board, Chodavaram.

* 1268 [a] Q.—SRI D. V. RAMASWAMI: Will the Hon. the Minister for Local Administration be pleased to state—

(a) whether in December 1938 any representations were made to him and to the Inspector of Local Boards, the Examiner of Local Fund Accounts, Madras, the District Collector, the District Board President and the District Panchayat Officer, Vizagapatam, regarding the Panchayat Board at Chodavaram by the Public of that place, alleging corruption, malpractices, maladministration and mishandling of the funds of the Board;

(b) what action was taken by the various officers up to now; and

(c) if no action was taken, the reasons for not taking action?

THE HON. SRI B. GOPALA REDDI:—" (a), (b) & (c) A petition addressed to Government was transferred to the Inspector of Municipal Councils and Local Boards for necessary action. No information is available as to the action taken by the Inspector, the Examiner of Local Fund Accounts, the Collector, the President, District Board, and the District Panchayat Officer, Vizagapatam, on the representations made to them; it has been called for."

Policy of the Government in regard to the opening of new secondary schools by local bodies.

* 1269 Q.—SRI K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state what the policy of the present Government is in respect of encouraging local bodies to establish new secondary schools?

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[a] The member was not present; the question was answered with the permission of the Speaker.

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THE HON. SRI C. J. VARKEY :—It has been usual to approve proposals of local bodies to open new secondary schools, if the local body concerned is financially in a position to maintain the proposed school and if the school fulfils the conditions of recognition laid down in the Madras Educational Rules. The present Government have not adopted any new policy in the matter."

SRI K. V. R. SWAMI :—" If the local bodies do not start such schools when there is a necessity for them, will the Hon. Minister ask them to start them? "

THE HON. SRI C. J. VARKEY :—" The local bodies interested in the progress of education ought to take the initiative in the matter."

SRI K. V. R. SWAMI :—" Would not the Government take any initiative in the matter? "

THE HON. SRI C. J. VARKEY :—" I submit this is not a supplementary question "

Teaching of spinning in elementary schools.

* 1270 Q.—SRI K. V. R. SWAMI :—Will the Hon. the Minister for Education be pleased to state whether spinning is taught in any of the elementary schools of this Province?

THE HON. SRI C. J. VARKEY :—" The answer is in the affirmative."

SRI K. V. R. SWAMI :—" May I know in how many schools spinning is taught? "

THE HON. SRI C. J. VARKEY :—" It requires very elaborate investigation; there is no time to collect the information."

SRI K. V. R. SWAMI :—" May I know if it is taught in all schools? "

THE HON. SRI C. J. VARKEY :—" No, Sir."

SRI K. V. R. SWAMI :—" What are the objections? "

THE HON. SRI C. J. VARKEY :—" There are financial and administrative difficulties."

SRI K. V. R. SWAMI :—" Is it not a fact that most of the teachers know spinning and can teach it to the boys? "

THE HON. SRI C. J. VARKEY :—" I do not know to whom the hon. Member refers."

SRI K. V. R. SWAMI :—" There are teachers in every elementary school who know spinning."

MR. SPEAKER :—" Is the hon. Member answering the question on behalf of the Hon. Minister or for the information of the Hon. Minister? "

SRI K. V. R. SWAMI:—" My question is this: Is it not a fact that elementary school teachers know spinning and are they teaching it to the boys? "

THE HON. SRI C. J. VARKEY:—" All elementary school teachers do not know spinning."

Manual training in schools.

* 1271 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether manual training is made compulsory in any of the institutions where it is made available; and

(*b*) why different subjects are not taught in different institutions?

THE HON. SRI C. J. VARKEY:—" (*a*) Yes; in secondary schools.

" (*b*) Different subjects of manual training are taught in different schools. The kind of training to be provided for in each school is primarily one for decision by the management concerned."

Appointment and transfer of Board school teachers.

* 1272 *Q.*—KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether District Board Presidents can transfer or appoint teachers of Board schools without consulting the District Educational Officers; and

(*b*) whether the District Educational Officers are required to report to the Government, whenever such appointments are made without consulting them?

THE HON. SRI C. J. VARKEY:—" (*a*) As regards transfers, the answer is in the affirmative if the teachers are employed in secondary schools; as regards appointments, the answer is also in the affirmative except in the following cases:—

(1) when persons not possessing the prescribed qualifications are proposed to be appointed;

(2) when lower elementary grade teachers are selected for appointment;

(3) when appointments are to the L.T. or B.Ed. cadre of teachers in the high school departments of secondary schools.

" (*b*) District Educational Officers are expected to bring such matters to the notice of Government through the Director of Public Instruction."

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SRI E. KANNAN :—" May I know whether the District Educational Officers report to the Government about the action of the District Board Presidents only when transfers are made out of personal prejudice? "

THE HON. SRI C. J. VARKEY :—" They are expected to bring important matters to the notice of the Government."

Girl students paying half-fees in college classes.

* 1273 Q.—SRI K. V. R. SWAMI : Will the Hon. the Minister for Education be pleased to state in respect of unstarred question No. 240 answered on 28th March 1938—

(*a*) whether the information called for regarding girl students in college classes paying half-fees has been received;

(*b*) if so, what the number is; and

(*c*) what proportion such number bears to the total number of girl students?

THE HON. SRI C. J. VARKEY :—(*a*), (*b*) & (*c*) 480 girl students in college classes paid half-fees during 1937–38. The number of girl students who paid full fees during that year was 536.

Scheme for the recruitment of lawyers as Prosecuting Inspectors.

* 1244 Q.—SRI N. RANGA REDDI : Will the Hon. the Prime Minister be pleased to state—

(*a*) the method of recruitment and tenure of office of lawyers selected as Prosecuting Inspectors under the new scheme; and

(*b*) the districts in which the scheme will be put in operation?

THE HON. SRI C. RAJAGOPALACHARIAR :—" (*a*) & (*b*) A brief summary [a] of the scheme is laid on the table of the House. "

K. ABDUR RAHMAN KHAN SAHIB BAHADUR :—" May I know whether the Government consider it desirable, that the District Superintendent of Police should be consulted by the District Magistrate in making such appointment? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" That is the present provision."

K. ABDUR RAHMAN KHAN SAHIB BAHADUR :—" May I ask, Sir, whether the Government consider it desirable that the District Superintendent of Police should be consulted by the District Magistrate in making the appointments? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" It is because the Government consider it desirable that they have made it a part of the scheme."

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[a] Printed as Appendix II on pages 586–589 infra.

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K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"May I know whether it would not be preferable that the District Magistrates consulted District and Sessions Judges instead of the District Superintendents of Police?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"If the scheme is understood, it will be seen that there is connexion between the investigation of the case and the discipline of the Police department in this prosecution branch also. At the same time they are expected to have sufficient legal equipment and independence of judgment. It is necessary that both the District Magistrate and the District Superintendent of Police should have their say in the matter."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"May I know if the Government realize that the appointment of Public Prosecutors is made upon the advice of the Superintendent of Police and that the investigation is in the hands of the prosecuting officer who is a Police officer and as such cannot be expected to have independence of judgment?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"The Public Prosecutors statutorily so called who are dealt with in this scheme are permanent officials and they have to be in the closest touch with the investigating officers and those who are responsible for the prosecution. Otherwise these Public Prosecutors cannot satisfactorily fulfil their duties. There is no question of creating intermediary judicial officers between the judicial officer who has to decide the case and the prosecution. It is only the play of legal equipment and a certain amount of discretion that is wanted to place the facts already culled together by the Police before the Magistrate, with some degree of experience in criminal work. I think the arrangement in the scheme is a good arrangement."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"May I ask the Hon. Premier whether the Inspector-General of Police has condemned the present practice of having Prosecuting Inspectors and Assistant Prosecuting Inspectors from the Inspectorate?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"It is a very difficult question to put and to answer. It is not usual to disclose the opinions of the heads of departments of the Government as distinct from the opinions of the Government."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Arising out of the answer of the Hon. Premier that lawyers are necessary or legal talent is necessary, may I ask him whether in the present staff of the Police Inspectorate, there are not persons who hold degrees in law also?"

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THE HON. SRI C. RAJAGOPALACHARIAR:—"It is not lawyers that are recruited. It is any gentleman with legal equipment and a certain amount of legal experience. The question that was put with regard to the Inspector-General of Police would create some impression that there is difference of opinion between the Government and the Inspector-General of Police. It is wholly without any foundation. As regards the number of persons with legal equipment in the Police service itself, it is very limited and that is why this scheme was conceived and put forward."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"In view of the fact that the Government are going to try the scheme only in five districts, will not the Government transfer Inspectors with legal qualifications in all parts of the Presidency to these five districts and try them before they have direct recruitment of lawyers?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"I must ask the Leader of the Opposition to refer to page 3 of the summary of the scheme, paragraph 5."

K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"In making the appointments of the Assistant Public Prosecutors, may I know the reason why the District Judge is thrown out of the picture?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"There is no question of throwing anybody—specially such an important person as the Sessions Judge—out of the picture. Sessions Judges try certain cases and District Magistrates try certain other cases. In the appointment of the ordinary Public Prosecutors and Assistant Public Prosecutors properly so called, Sessions Judges are consulted. The Public Prosecutors and Assistant Public Prosecutors referred to here are those corresponding to Prosecuting Inspectors and Prosecuting Sub-Inspectors as they are commonly called. The cases these officers have to deal with are before the Magistrates only and the Sessions Judge would very often be ignorant of affairs in the magistracy."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Arising out of the answer to my question, may I ask the Hon. Premier whether he would not concede that it is not necessary to have any age limit? It may be good when new men are recruited. Is it not advisable that the existing men in the department with legal qualifications should be tried first in these five districts? Will not the Government see their way to appoint men with legal qualifications in the department itself, without recruiting men directly? Will the Government extend the scheme to the other districts only if it is successful in these five districts?"

THE HON. SRI C. RAJAGOPALACHARIAR :—"I am sorry, Sir, the Leader of the Opposition is most unnecessarily agitated over the age limit. The age limit in page 2 does not refer at all to those who are taken over from the present cadre. The age limit refers only to direct recruitment. The age limit that is there in page 2, sub-paragraph (5), is intended only for direct recruitment. It is stated in paragraph 5 of page 3 that Prosecuting Inspectors and Sub-Inspectors of Police who are either graduates in law or who have passed the pleadership examination will be allowed the option to elect to come into the new cadre. The age limit would not apply to them at all."

ABDUL HAMEED KHAN SAHIB BAHADUR :—"May I ask the Hon. the Premier, if, as stated here, appointments will be made solely on the basis of efficiency in work, whether it would not be possible for him to realize this efficiency in making appointments side by side with communal justice being done?"

THE HON. SRI C. RAJAGOPALACHARIAR :—"The number is so small and the responsibility so great, Sir, in this matter that I am afraid we cannot introduce these divisions of spoils here."

BASHEER AHMED SAYEED SAHIB BAHADUR :—"May I ask, Sir, whether the Government have felt any serious difficulty in making the appointment themselves in consultation with the District Magistrate?"

THE HON. SRI C. RAJAGOPALACHARIAR :—"The grade of these officers, as I said already, exactly corresponds to what are called Inspectors and Sub-Inspectors of Police now. Therefore, it is not thought right for the Government to take it up themselves over the heads of departments."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR :—"May I know, Sir, whether the Government do not think it desirable to entrust the recruitment from among the candidates recommended by the District Magistrate to the Public Service Commission?"

THE HON. SRI C. RAJAGOPALACHARIAR :—"After due consideration, Sir, it was found unsuitable for this particular thing."

H. S. HUSSAIN SAHIB BAHADUR :—"The Government Order says that the person to be appointed should be a member of the bar. May I know if the appointment is restricted to the bar of the district concerned?"

THE HON. SRI C. RAJAGOPALACHARIAR :—"It won't be so restricted, Sir."

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K. ABDUR RAHMAN KHAN SAHIB BAHADUR :—" In view of the statement made in the Government Order laid on the table of the House that " it is desirable that the prosecuting staff should be detached from and independent of the investigating staff," may I know whether the procedure laid down for making the appointments in consultation with the District Superintendent of Police will not nullify the very effect of the Government Order? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" No, Sir."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :— " Am I to understand, Sir, that the Service Commission is not capable of recruiting these people? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" I do not say that; but it may be understood that there is no inherent monopoly of the business." (Laughter.)

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :— " Sir, will it not allay apprehension if the Government accept the straightforward principle of entrusting the work of selection to the Public Service Commission and also adopt the communal Government Order, in view of the fact that by giving the go-by to the present system, they are depriving the various communities of a certain number of posts which they would have ordinarily got if the selection had not been restricted in this manner? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" No, Sir; as a matter of fact, the whole argument is wrong. At present, it is merely a part of the ordinary Inspectors' and Sub-Inspectors' cadre, and the Public Service Commission has nothing to do with it. This is now introduced for the first time; therefore it would be a taking away from the Police Department and not a taking away from the Public Service Commission, unless there is the theory that all appointments ought really to vest in the Public Service Commission. It may be a good theory: but in regard to this matter, on account of the necessary connexion with Police work, it has been thought fit to retain the independence of judgment of the Police Department in this matter."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :— " Sir, by this new system, is it not a fact that the cadre will be reduced to this extent—I mean the Police Inspectors' cadre? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" Yes; it is reduced to that extent."

SRI D. V. RAMASWAMI :—" Sir, may I ask whether even as it is, there are several appointments which are beyond the purview of the Public Service Commission? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" It is so, Sir."

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ABDUL HAMEED KHAN SAHIB BAHADUR:—"Arising from the answer of the Hon. the Premier that it is not right to distribute the spoils, among the various communities in this Presidency, because there are only a few, may I ask whether it is the policy of the Government to take away one part of the service after another, so that the communal order can be abolished altogether later on?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"I do not see how the question arises at all, Sir, unless the hon. Member has presumed that this is a case of taking away what the communal rotation order had established. It is not so. The communal rotation did not apply to these Prosecuting Inspectors and Prosecuting Sub-Inspectors; and if that is correct, there is no question of taking away anything."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"May I ask the Hon. the Premier if he realizes that appointments of Police Inspectors and Sub-Inspectors are made on the basis of the communal order, and if this is taken away from that rule of communal order and the appointments are to be made solely on the basis of what is called efficiency, whether it will not mean that a particular section of the appointments is being taken away out of that rule?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"A few—and if I may say so, very few—of the Sub-Inspectors and Inspectors would become Prosecuting Inspectors or Prosecuting Sub-Inspectors; and if those few are regulated by any communal proportion or communal rule, it will be quite obvious to hon. Members that there would be a serious dislocation of efficiency. For instance, if we said that the judges in a particular district should go by a separate communal rotation, it would interfere, but it cannot interfere if you take all the judges of the Province for the purpose of communal rotation. So, it is I said that the number being small, it would be wrong to apply any communal rotation or rule with reference to it, and it would be right to apply only the principle of efficiency. But let it not be understood that any particular community will be particularly dealt with in an unjust manner."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"May I know whether the Hon. the Premier realizes that if in each of the districts this particular policy is to be followed, the total result will be that particular communities will be deprived of their rights inasmuch as these appointments in all districts will not be made on the basis of communal order?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"No, Sir. It would be quite a good thing—and that is what is being done

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now—to take the entire direct recruitment to Police Sub-Inspectors' places in that way; but any promotions do not depend on the communal rotation. These Prosecuting Inspectors and Prosecuting Sub-Inspectors come in either by transfer or by promotion, and therefore we cannot apply the communal proportion or communal theory to a few select places like this. The hon. Member referred to the districts growing in number and thereby all districts being involved. As a matter of fact, even there, it is only a portion of the whole cadre of Inspectors and Sub-Inspectors; but we shall surely consider it when all the districts come in."

SRI R. M. PALAT:—" Sir, is it not a fact that even when there is only one post, e.g., the Administrator-Generalship, that one post is governed by the communal Government Order, so that there is a stronger case now when there are a number of posts involved?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" If that is so, the hon. Member should know it; but I do not admire it at all."

SRI R. M. PALAT:—" I am asking, Sir, whether there is *not a strong* case for applying the Government Order in this case where there are a good number of posts?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" I said, Sir, if it is so and the hon. Member gives me the information, I shall take it; but I certainly do not admire it, and so won't copy it. (Laughter.)"

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Arising out of the answer given by the Hon. the Premier that there are certain cadres in the Government departments recruitment to which has not been entrusted to the Public Service Commission, will the Hon. the Premier give an assurance to this House that he would take early steps to transfer all this recruitment business to the Public Service Commission?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" I am not prepared to give any such assurance; but I am prepared to make a better assurance that now that I am here, and as long as I am here, I will do justice by all the communities. (Applause.)"

BASHEER AHMED SAYEED SAHIB BAHADUR:—" May I know, Sir, for what period this . . ."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" On a point of order, Mr. Speaker. May I draw the attention of the Chair to the clapping of hands in the visitors' galleries?".

MR. SPEAKER:—"There shall be no clapping either in the visitors' galleries or in the House hereafter."

THE HON. SRI C. RAJAGOPALACHARIAR:—"The Members may be instructed as to the parliamentary way of expressing their opinions. (Laughter.)"

BASHEER AHMED SAYEED SAHIB BAHADUR:—"May I ask, Sir, what is the period which the Government have fixed for the trial of this scheme in the five districts?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"The Government have not made up their mind as to the exact period; it depends on the progress of success."

K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"May I know if the Hon. the Premier considers that the District Superintendents of Police are aware of the efficiency of the various members of the bar in order to give proper advice to the District Magistrate with regard to such appointments?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"The only thing that the scheme says is this: that the appointing authority who is the District Magistrate, will make the appointments in consultation with the District Superintendent of Police, who is entitled to be consulted. It is not a question of his accepting the advice at all; if the District Superintendent of Police cannot advise, the District Magistrate will certainly take it upon himself to carry on."

K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"I am afraid I have not made myself clear. My question was this: do the Government expect the District Superintendent of Police to be so well aware of the efficiency of lawyers in the district as to be able to give proper advice to the District Magistrate in regard to such appointments?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"A good District Superintendent of Police will be aware as to how the cases are going on and how the defence is being conducted, who is honest and who is not honest: and therefore he will be quite able to give very valuable information to the District Magistrate."

K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"Is not the District Superintendent of Police himself an investigating officer?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"The District Superintendent of Police is not, in practice, an investigating officer, except in very grave cases of crime."

[*Note*.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—ELECTION OF NINE MEMBERS TO THE PUBLIC ACCOUNTS COMMITTEE.

MR. SPEAKER:—"I have to inform the House that the following candidates have been nominated for election of nine members to the Committee on Public Accounts for the Fourth Session of the Madras Legislative Assembly:—

1 Basheer Ahmed Sayeed Sahib Bahadur.
2 Khan Bahadur Mahmud Schamnad Sahib Bahadur.
3 Sri K. Koti Reddi.
4 ,, V. J. Samu Pillai.
5 ,, K. Bhashyam Ayyangar.
6 ,, A. Pl. N. V. Nadimuthu Pillai.
7 ,, A. Kaleswara Rao.
8 ,, A. Karunakara Menon.
9 H. S. Hussain Sahib Bahadur.

As the number of candidates nominated is equal to the number of vacancies to be filled, namely, nine, I hereby declare them to have been duly elected to the Committee on Public Accounts."

III.—THE MADRAS GENERAL SALES TAX BILL, 1939—*cont*.

MR. SPEAKER:—"The discussion on the motion for the consideration of the Madras General Sales Tax Bill as amended by the Select Committee will be resumed."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Rose from his seat."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Mr. Speaker, may I know if the Leader of the Opposition is going to wind up the discussion on the side of the Opposition?

MR. SPEAKER:—"Not necessarily; he can lead the Opposition by making the first speech." (Laughter.)

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Sir, the one reason why I have myself made a departure in regard to the usual time at which I . . ."

MR. SPEAKER:—"It is a wholesome departure, and requires no excuse."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Thank you, Sir. The reason why I stand up now is that I do not wish to take up the time of the House for long at the end of the discussion; for I believe in a matter like the present motion, there will be many hon. Members who will be anxious to speak; I thought I should rise early . . ."

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MR. SPEAKER:—" You need not discuss the question as to when the Leader of the Opposition should rise . . ."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" That I leave to the members and to you, Sir, to regulate. Even in the earlier part of the discussion that took place yesterday, it was pointed out by two hon. Members, Mr. Khalif-ul-lah Sahib and Mr. Langley, how a necessity has arisen even at this stage for the postponement of this measure. Very rarely such motions for postponement are made at this stage. It is of course usual to make such motions for the postponement of the consideration of a Bill for the purpose of eliciting public opinion, at the time when the Bill is introduced or when a motion is made to refer it to the Select Committee. But on this occasion when a motion for postponing the consideration of the measure for six months with the object of getting more information with regard to the details of the Bill is made, it is indeed a matter of very great importance.

" We have looked into the reasons for this motion. The first reason which is responsible for this motion is that people are not satisfied with the amended Bill. The expectations of the people who have voiced forth their grievances against the hardship that will result from this Bill, have not been met even half-way. I can say this very strongly—I think I am in a much better position in this respect than any hon. Member of this House, except those who have served in the Select Committee—that in spite of the arduous fight in the Select Committee for sixty hours—at the rate of six hours per day for ten days—the results are not commensurate with the labour that was put in. We might have produced a better report. So far as the Government are concerned, they can characterize the results in any manner they like; but I am perfectly within my limits when I say that so far as the Opposition is concerned, and so far as the public also is concerned, the results obtained at the Select Committee are not commensurate with the work done by the members of the Opposition in the Select Committee as well as the feelings expressed by the public throughout this country. Sir, never has there been a measure introduced in the legislature, this Legislature particularly, which has been so stoutly opposed by the public. It has been rightly pointed out that it would be utterly impossible for a handful of members sitting on the Opposition to have got up this opposition. As I said on a previous occasion, the agitation has been enormous. As regards the opinion expressed by members belonging to the Congress Party, I do not want to say that they are against the Bill, for I know I will be immediately contradicted by the Hon. the Premier who leads the party in the House—that none of the party dare say anything against the Bill; but one thing I can say, from the variety of comments that have been made by members belonging to the Congress Party inside and outside, that they do not have . . ."

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THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, may I make an appeal to hon. Members in the Opposition benches not to persist in this characterization of the members on this side of the House as people who do not dare to speak their own opinions and things like that. It is quite nice to put forward a proposition like that once or twice, but not to make it a daily repetition in this House; it is wrong; it is insulting to the Members."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Sir, with regard to what the Hon. the Premier has just now said, the only thing I can say is, that I do not attribute any motives. . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—" Do you attribute cowardice?"

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I am not a person to attribute cowardice either. Sir, I can assure you and the Hon. the Premier that I am the last person to attribute cowardice or anything mean to anybody. I have every respect for persons who hold opinions quite different from my own. I only say that Congress members in their declarations have not been able to focus their opinion and I was only driving at this point, that the Bill is so vague or complicated—it is one of the two things. It is because the Bill is not clear that the Government have not come forward with any statement with regard to their requirements and also as to how much money they will realize by this taxation measure. They owe it to the country to state how much money they require and how much they expect to realize out of this measure. I was coming to the point that even the members of the Congress Party have not been able to enlighten the public in regard to this measure. It was in that view that I expressed my opinion. I know the ground I was covering in the matter. I only wish to point out that there has been very strong opposition to this Bill and rightly so. There is also enough justification to complain about the Bill as amended and placed before us. That is my main point.

" Now, Sir, I have dealt with the general opposition in the country. Now, Sir, about the opposition that was put forward against the Bill in the Select Committee. . ."

MR. SPEAKER:—" I think we may not go into the proceedings of the Select Committee."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Sir, I thought we are now considering the main motion as well as the amendment according to your suggestion. That is why I am making only one speech and not two speeches. Otherwise I would have made a speech on the motion for postponement. Later in the evening yesterday, Sir, you were good enough to instruct members that since both the motions were for discussion, every member had a right to speak only once. That is why I am covering the entire ground with regard to the amendment as well as the main motion. . ."

MR. SPEAKER:—" Even with regard to the motion for the postponement of the consideration of the Bill, reference to the proceedings of the Select Committee will not be in order. I will not allow it. Details of what happened in the Select Committee shall not be touched upon at length; a general reference to the haste or hurry or any such thing may be permissible; but there shall be no reference to the proceedings of the Select Committee as such."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Quite so, Sir. I was about to come to the point that the Select Committee have failed to depict correctly what has happened in the Select Committee. I do not want to refer to what the Select Committee has done, but I want to tell hon. Members of the House that the Report of the Select Committee itself, I consider, gives the impression that it is an unanimous report. Far from it. On most of the vital points, the decision has not been unanimous, but it has been by majority. Now, under the new rules of procedure, members of the Select Committee are not allowed to write minutes of dissent, but for the last two years one thing is allowed and that is, mention is made in the report of the Select Committee that a particular decision was arrived at by a majority of so many, with so many dissenting, e.g., that a clause was carried by 7 to 4 and so on. But in this report, we do not find any such thing. Unfortunately the day-to-day proceedings of the Select Committee are not. . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, is it open to me to answer and meet these charges as Chairman of the Select Committee? May I say, that even in the Select Committee at every stage I asked them whether they wanted the decisions to be voted upon or whether it would not serve their purpose if they were put one way or the other? Is it open to us to refer to them now? Instead, I wish hon. Members of the Opposition had put down motions of censure against the Chairman of the Select Committee."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I was very careful in my remarks in regard to the matter. I only commend to hon. Members of this House a perusal of the day-to-day proceedings of the Select Committee. Of course, I will not read out the minutes of the Select Committee, because it is about thirteen pages of printed matter. A perusal of it will clearly show that on almost all the vital points we have differed as regards the main principles of taxation, for instance, whether it should be a tax at one stage or a cumulative turnover tax."

MR. SPEAKER:—" On page 6 of the Report, it is stated: ' Four of the members of the Committee, namely, Messrs. M. A. Muthiah Chettiyar, A. Appadurai Pillai, Abdul Hameed Khan and T. T. Krishnamachariar wish it to be incorporated in the report . . .' "

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THE HON. SRI C. RAJAGOPALACHARIAR:—"If the distinction is remembered, any opinion can be canvassed and steps can be taken; I am not for stopping any member from expressing any opinion and I am not for estoppel or change of opinion. The complaint is that the report of the Committee has not been properly drawn up. It is that which I object to. But if I had stood up and said that it had been unanimous and that the Report of the Select Committee shows it, the hon. the Leader of the Opposition is entitled to say that it was not embodied in it. What he now seems to suggest is that he still holds the opinion that the Report of the Chairman is wrong. If it is the latter I object; if it is the former, he is at perfect liberty to hold his own opinion and put it before the House."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"With regard to the Report of the Chairman I do not say it is wrong, false or incorrect. But what I say is that it has failed to incorporate several of the decisions of the Select Committee. In view of the fact that minutes of dissent are not allowed under the new Rules of Procedure, the only thing open to members who differ from the majority is the right to demand that that fact should be mentioned, for instance that a particular decision was carried by such and such a vote. That has not been mentioned in this Report and it gives the impression that it is an unanimous Report. The day-to-day proceedings of the Select Committee are not published. I may also tell the House that it is not even sent to Members of the Upper House; it is only sent to Members of the Lower House. This being an important matter, I say that the public has a legitimate claim to know what has happened in the Select Committee, for it has been opposing this Bill at various stages and it is but right that the Report of the Committee should be. . ."

MR. SPEAKER:—"Does the Leader of the Opposition mean to say that the Bill as amended by the Select Committee and published is not in consonance with the amendments made in the Select Committee?"

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"It is in consonance with the decision of the majority of the Select Committee. But my point is that the Report is different from the amended Bill which is published along with the Report of the Select Committee. I am only concerned with the Report which forms the first few pages of the printed document in which what has happened in the Select Committee is brought out. My contention is that it would have been very much desirable if the true state of affairs of what happened in the Select Committee had also been incorporated in the Report. I think I have said enough about the Report of the Select Committee.

"Now, let me come to the amendment moved on the floor of the House, when this Bill was about to be referred to the Select Committee. I refer to the amendment moved by my hon. Friend

Mr. Abdul Hameed Khan to the effect that the Select Committee be asked to take evidence. Of course, he withdrew the amendment on the assurance of the Hon. Premier. I do not charge the Hon. Premier in regard to any such assurance. He did not give any definite assurance, of course, though we asked for it. But we hoped that he would take evidence in the Select Committee. Though he did not agree to take evidence at the beginning, it was only at the last stage, just a day or two before the close of the sittings of the Committee, that evidence was taken from members of the Southern India Chamber of Commerce and the Madras Chamber of Commerce. But what happened about the evidence of these important bodies, hon. Members of this House are not aware of. Even members of the Select Committee have not been supplied with copies of the evidence tendered before the Committee; members of the House are in the same position. I think it is the right of Members to have the evidence printed and circulated to them. I only say this that the evidence given by these two representative and authoritative bodies is so valuable that it would help hon. Members of this House to come to a proper judgment on matters that may come up for decision during the debate on this Bill. Therefore I say we are ill-equipped with regard to the discussion of this Bill. It is one of the arguments for my opposition to the Bill and in favour of the postponement of this measure. That is why I am making pointed reference to this.

" Sir, let me now wind up my arguments with regard to the necessity for postponing this measure. A deficit was announced in the Budget which amounted to 17 lakhs of rupees; but since the announcement was made, income by way of taxation measures like the Madras Tobacco Bill has accrued to the Government and it is expected that this alone will yield a revenue of one crore. That being the case, I should say that there is absolutely no justification on the part of the Hon. the Prime Minister to come forward with any more proposals of levy, for this year at any rate. You might see from the order paper, Sir, that notice has been given of an amendment to the effect that the Bill shall not come into force till the 1st April 1940, and practically the effect of that motion and the resolution under discussion now are the same. I think that nothing will be lost by the Government if they consent to adjourn consideration of this measure by six months. If they do not need money this year, they could utilize the period for the collection of data. I do not think that they have got sufficient data now and they can utilize this time for collecting it. If, on the basis of certain data, they want to push forward with this measure and have not supplied the same to the members of this House, members of the House would have a grievance against the Government. But I am sure that if they had collected any data, they would have placed it on the table of the House. It is only to help the Government that we are moving for the postponement of the consideration of the measure by six months. Nothing will be lost by the Government knowing and letting us know within this period as to how much they are likely to get and what

" As regards the Bill under discussion, I have to observe that the Bill is not at all an amended Bill so far as the vital points are concerned, though the Hon. the Premier might feel that the provisions regarding exemptions are quite good enough. The amendment exempting bullion and stocks and shares is only of a formal nature, for no Minister in charge of Finance would think of taxing these things. Even according to the Sale of Goods Act, these things are excluded. Such being the case, I do not think that the amendments are of a vital nature. One other amendment of a serious consequence probably to the Government is with regard to cotton and yarn and to that extent the industry will be thankful to the Hon. the Premier. The most important amendments have not been accepted, particularly the one with regard to exemption so far as export trade is concerned.

" The Hon. the Premier was giving out a long list of countries where such taxes have been levied. So far as we are concerned, it is not at all necessary for us to follow them for the simple reason that conditions in this country vary from conditions there. We should not compare this country with others only in certain particulars. If there is to be any comparison, it ought to be all round. We are not spending large amounts on armaments. On the other hand there has been a persistent endeavour in the Central sphere by our politicians to lessen the expenditure on armaments. Such being the case, I do not think that it is fair to point out the existence of this tax in other countries. I would cite the case of Japan which tried this tax for a few years and abandoned it. Let us not make a mistake and then rectify it. The Hon. the Premier says, ' Give me a chance and if there is anything wrong, I shall abolish this tax later on.' But I am afraid that experience in India has been that, if once a tax is imposed, whatever may be the conditions under which it was levied, it stays. If the example of other countries is taken and comparisons are made with those countries, I must submit the example of an Oriental nation, which has tried the tax and given it up. I hope this will be considered by the Hon. Leader of the House. May I also bring to the notice of the Hon. the Premier the fact that in most of the countries where the tax has been levied, exports are completely exempted? But all demands made in the Select Committee to exempt exports have failed and it was only at the last stage that we were able to obtain a rebate in the case of exported finished material. That is a very small remedy and it is confined to a very small section of the merchant classes; and it will not go far to alleviate the trouble of the merchants. My submission is that it is absolutely necessary to exempt exports from the purview of this measure.

" It is not as if the trading classes have been clamouring against taxation of any sort. Even commercial bodies which were at the outset against the imposition of this tax, have now

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come forward to accept the proposal but they only want a reduction in the rate. As for myself, I suggested at the outset the acceptance of 1/32 per cent, later on I suggested 1/16 per cent and finally I submitted the acceptance of 1/8 per cent; but all these were turned down. (An hon. Member: '$\frac{1}{4}$ per cent') I have not till now supported it. But if there is any chance of its being accepted by the Hon. the Premier, I shall support it on the floor of the House. Otherwise I shall not propose it. The fact that I have tried to get it modified, acceding to the principle of the Bill, shows how reasonable the merchant classes have been and how they do not deserve the attacks that have been made against them as being tax-shy and only bent upon making money without contributing anything to the coffers of the State. The Prime Minister, the very discreet person that he is, has not made any such utterances but some others did make such attacks against the merchant community. I wish to point out to them, Sir, that they are contributing to the revenues of the country in an indirect manner. They are contributing by way of income-tax to the Central Government and the Provincial Government are getting a decent share out of it through the Niemeyer Award. It is on account of the fact that the merchants are paying income-tax to the coffers of the Central Government that they have left so many other sources of revenue to be tapped by the Provincial Government. Probably the Hon. Minister may think that I am speaking on behalf of the Central Government. I assure him that I have no brief for the Government of India in this matter and my concern is only to justify the position of the traders who are already paying a high rate of income-tax to the Central Government. Instances have been brought to my notice, Sir, of a person who is now paying an income-tax on Rs. 2,300 having to pay a sum of Rs. 2,800 as sales tax. If such cases had come to the notice of the Hon. the Premier he would see the reasonableness of the rate that has been proposed by me. I think that the Chamber of Commerce has very rightly come to the conclusion that they would accept the Bill if the rate is reduced to 1/8 per cent.

"As we see things to-day, we have no alternative except to take a firm stand and to propose the postponement of the consideration of the Bill by six months. In the meantime, we hope that they will look into the matter and get the necessary data and come to an amicable settlement with the classes affected by the measure. Let me wind up my protest against this measure before us by saying that the measure as amended by the Select Committee is wholly unacceptable to the Opposition and to the members of the public who have voiced forth their grievances during the last ten weeks very vigorously. May I say that the Government have not even responded to it in a reasonable manner? I assure the Government that the object of the motion is not dilatory. It is mainly because of the apprehension felt by the

public that the Bill will work hardship on the trade and commerce of the country and that the Government will not be justified in pushing it forward now. Nothing will be lost by the Government accepting this proposition and I strongly commend the proposition for the acceptance of the House."

* SRI T. T. KRISHNAMACHARIAR:—" Mr. Speaker, I did not expect that at this stage of the proceedings before the House, the discussion would harp back as it were to the first principles of the measure. The Leader of the House was perhaps partly responsible for this, because in the opening speech which he made yesterday he provided the provocation by seeking to explain the principles underlying the Bill—a procedure which he avowed at an earlier stage in the proceedings as not being fruitful in view of the complexity of comparative legislation on this subject and the paucity of accurate information. However, Sir, I was late by a few minutes yesterday and I could not fully hear what the Leader of the House said when he began the proceedings. But it was clear to me that in cold logic more or less on the lines of Greek sophists, he propounded his proposition and sought to demolish all possible opposition raised against the measure so far, as being exaggerated. In doing so, I think he made full use of that logical fallacy called *reductio ad absurdum*. He made the opponents' arguments look absurd and it is difficult for anybody on this side of the House to sit quiet when all our arguments are ridiculed or demolished and held up as being silly. I think that there is something in the Anglo-Saxon temperament that reacts rather quickly to an attack like that; and I was not at all surprised when my hon. Friend from Calicut rose, his wrath having been roused up, and hit rather forcibly, perhaps even below the belt as he did when he referred to what transpired at Calcutta a few days back. I have no quarrel with the hon. Gentleman from Calicut for his having resented the remarks of the Hon. Leader of the House about that. But even though I have no right to speak on behalf of any person who has been particularly affected by the proceedings in Calcutta, referred to. I do not think Subhas Babu would have appreciated the kind intervention that was made on his behalf by Mr. Langley. It is a case that very often happens to us when one has to exclaim, 'Save me from my friends.' I think it would have been wise of my hon. Friend to have avoided a reference to a thing with which this House had nothing to do, much less he himself.

" Apart from that, Sir, I do not think that the Hon. the Premier made a particularly happy choice in the use that he made of Malik Sir Feroze Khan Noon's book on Canada. I am sorry to say that the Hon. the Premier had not been well served by his friend who gave him the book. I know that I am challenging the accuracy of the writings of a person very highly placed in making this statement. But apparently Malik Sir Feroze was only thinking

aloud, overpowered with the knowledge of the inevitability of his having to occupy the *gadi* of the Punjab Government, some time or other and he must have been fascinated with what evidently appeared to him a novel form of taxation as a possible means of augmenting Punjab's revenue, if he ever had to, with it. But all the same I have to observe that the taxation in Canada does not bear any relation to the proposals before us. There they call it not a Sales Tax but a Sales Excise Tax, because it is a tax on the manufacturer, the producer and the jobber but not on the retail trader; so that that particular analogy is not at all on all fours with the issue before us. There are other more authentic publications on this question, including the League of Nations publication on Public Finance which I have before me and I wonder why the Hon. the Premier was advised to rely on this publication alone. Later the Hon. the Premier was reading out an article presumably contributed by Prof. C. N. Vakil to the *Commerce*—the Hon. Premier will correct me if I am wrong—which was no better than a compilation mainly statistical, which according to some well-known authorities, was not perfectly correct. But all the same, what happened in Germany cannot be compared with the position here. In Germany, when they reduced the rate of tax from 2·5 per cent to 2 per cent in 1926 they did it under the dictation of Gen. Dawes who tried to manage their domestic economy for them. Subsequently after the advent of Nazism, they have had a well regimented and managed system of economy, with a managed currency and a barter system, which might find favour with some of our own local politicians, who might, if they wished to, take lessons from that distinguished visitor to our country, Dr. Schacht on how to run a Government on a managed currency and managed finance as is done in Germany. But what obtains in Germany does not matter to us, so far as the present measure before us is concerned. I would like to tell the Hon. Premier what a fairly well-informed person like Mr. Brinley Thomas writes about the German Budget. He does not belong to the orthodox school of economists and he characterised the German rate of sales tax as a very severe rate, that is the two per cent rate. I must ask for forgiveness of the House for bringing in all these details in to-day's discussion. As I said before, I think, the discussion began by the Hon. Premier going a little beyond the issue before the House, and that was followed up subsequently by other Hon. Members before me, and so I should be forgiven if I did not concentrate on the main issue before the House, but traversed a little beyond the first principles of the Bill.

"Sir, there is one thing which has to be borne in mind. When the Bill was introduced, it was more or less tacitly admitted that it was a structure capable of being improved upon in the Select Committee stage and it was rather unique for any select committee to be presented with a Bill of this sort, in which it had

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not merely a right but also the scope to alter the entire structure of the Bill without tampering with the principles of the Bill. In fact it was quite open to the Select Committee to do everything that it could so long as the principle of the Bill was not altered; if at all one finds fault with the Bill as amended by the Select Committee it is with regard to the Select Committee not having gone more fully into the matter. If I may borrow the analogy of the Hon. Premier—the analogy of the boat—anybody who has been in the West Coast might have seen small country crafts being built, by a combination of planks of wood hammered together by nails. Similarly the Select Committee was given a boat with nails in their places and the Committee was asked to rivet these nails firmly. The Select Committee tried to hammer in the nails. but hard hammering revealed that the wood with which the boat was built was not hard wood but was soft and it gave way if the hammer was used. So the defect of the structure is not due so much to the work done in the Select Committee, as to the inherent defect in the structure itself. That is why I warn the Government not to take this boat into the open sea; it is not sea-worthy. Let them navigate with the boat in shallow waters close to the shores, so that it may be taken into the dry docks when it got leaky as it would inevitably. As I said, there is nothing original in this analogy, it is entirely borrowed from the Hon. the Premier. Sir, my point is if the Bill is to be put into operation as it is, it will reveal a number of defects, defects which will not be possible to remedy by clauses 19, 20 or 21. It is something like a photograph negative where, if you look at the negative you cannot see the defects at all: but once you enlarge it you will see the defects in full. My feeling is that at the present moment this boat is not sea-worthy; at any rate, it should not be taken to deep waters.

" Another point has been stressed by previous speakers, particularly by the hon. Member from Calicut, about this Bill having such dominating effect on the ordinary daily life of the citizen; and on that point, I have a submission to make. I am not one of those who plead for the poor man, because my business here is definite; I have been sent by a special interest, which is perhaps most affected by this Bill. I have no brief for the poor man, but I would like to point out, at any rate for the information of the House, what the possible effect of a taxation scheme like this will be on those that are relatively poor. Because Mr. Langley the other day said, " people say that the consumers will be affected, that trade will be affected, that the people in the country will be affected, that the people in towns will be affected and nobody seems to know exactly whom this tax will hit most." Without attempting to go into too many details, I would like to show what proportion of the income of a person will be affected by a Bill of this nature from the information at our disposal on the

condition prevailing in America, where a similar sales tax obtains. Whatever the rate of tax, the proportion of the income affected by the tax will be almost the same anywhere. For a person having an income of one thousand dollars per annum, if the sales tax is levied on primary products, sixty per cent of his income will be affected by the tax. That is to say, if the primary products are not exempt from taxation, the cumulative incidence of the tax will affect sixty per cent of his income which will have to be spent on primary products. But if the income of a person is five thousand dollars, forty per cent of his income alone will be affected; and if it is 100,000 dollars, only two per cent of his income will be affected. So it is not correct to say that the poor man will not be affected, as he will certainly be affected far more in proportion to his income by a tax of this nature than those comparatively better off. I have really no claim to represent the poor man; but I say the poor man is likely to be affected as a buyer of my goods; and that is my answer. So that is another argument that goes against this Bill.

"Sir, there is another argument which has been threshed out before, and which I would like to bring in here, even though it would have to be brought up again later in the discussion. This Bill, it should be remembered, is a fiscal measure; it is not intended to re-distribute wealth; I do not think Government make a claim like that; for to do so, will be wrong. In fact it is acknowledged by all people that know that this cannot be a measure to re-distribute wealth. In fact it has been repeatedly stated that a cumulative turnover tax which includes in its scope the primary products, accentuates the differences in the distribution of wealth rather than operating as an equalising factor. Admittedly therefore this is a revenue producing measure. The plea is reasonable therefore for lowering the rate of the tax so that the total amount of tax may synchronise with our immediate and minimum needs. I do not say as it has been said by others that the minimum need of the Government is seventeen lakhs or seventy lakhs; but our need, I have been told on one or two occasions by responsible persons as having been mentioned by the Premier is one crore to start with, with an increase of 25 lakhs annually. As your need increases you are bound to increase the rate; if the present Government do not do it, the future Government will do it. It may be that the very people who to-day are vigorously defending the merchants may, to-morrow, when they come to power, will have the temptation to raise the taxes on those very people whom they now seek to protect. Because the temptation to do so is great, and after all, politicians have got an exceedingly short memory. The community that is affected, the business community should not have too much faith in their present friends, because the situation might at any time change and their present

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friends may not continue to be their friends in the future. As has been pointed out before, certain provisions which find a place in this Act, when they were incorporated in the Indian Income-tax Act have been violently criticised by a Congress member in the Central Legislative Assembly, whereas it is supported here by a Congress Government. After all people who are in a position of power and responsibility and who have to face practical situations will change their views. So the business community, which will be the ultimate milch cow, should really sit and think about it; 'their present friends may be their future foes, and their present foes may be their future friends and they have to guard against both of them.' (Laughter.) Any man who knows anything about taxation and the history of this tax will really support the view I now put forward. It is therefore futile to expect the rate to remain unchanged for all time to come, and hence my plea to start with it as low as possible, commensurate with what has been stated to be the Government's immediate revenue needs.

" Sir, one word more about the shape of the Bill as altered by the Select Committee. Of course, I am not going to say what happened there, because I am not permitted to do it. But there it is, in that form, and it is open to anybody to judge what the Select Committee has done. Yet the Select Committee has not been able to do very much by way of reducing the cumulative turnover tax into something less oppressive; it has not been able to lower the rate so as to make it innocuous to the internal economy of trade; it has not been able to vitally amend the clauses which will probably principally affect business in the operation of the Act. Some concessions have definitely been given, and for them the business community has to be grateful. But the amendments made do not favour the business community by and large. The Hon. Premier yesterday, in a passing reference to the amendments in the agenda stated—I do not think he has fully made up his mind with regard to the amendments—that he tried to classify the amendments and that they all look very much the same, and that unless members had very strong reasons in support of those amendments, he could not accept them. I am only primarily concerned with two or three vital amendments. With regard to verbal amendments, like the substitution of 'if' for 'or', it is the primary duty of the Government and not for us on this side of the House. It looked as if he had made up his mind against the amendments; I hope he will be able to change his mind. In view of past experience and without going into further details at this stage, I will say that the Government ought not to stress on the fact that this is the only tax available, and therefore it ought to be put through in its present form. It is no argument. If it is the only taxation scheme available, it cannot be said that it

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should be modified; as I said, the boat can be brought to dry docks once again. I do not see any necessity for an immediate revenue of, say, more than the one crore limit, that has been said to be the *Premier's* idea by responsible people sometime back. There is an adage, Sir, that necessity is the paradise of the second rate. Surely a Government composed of the brilliant galaxy of men sitting on the Treasury bench have no justification to resort to a paradise like that. You cannot boost your taxation scheme which is objected to by the majority of the community affected, on the basis of necessity.

"Sir, as a member of the House, even though not sitting on the Government benches, I advise Government to go slow; as a citizen who is primarily interested in a stable Government for this Province being carried on in the manner in which it has been done, I appeal to them to go slow; and as a member of the community which is vitally affected, I entreat them to go slow."

* SRI KALA VENKATA RAO:—"Mr. Speaker, I am very much surprised at the Opposition and the dilatory motion before the House even after the Select Committee had reported. As you see, Sir, the Select Committee made a good many concessions, which the Hon. Premier, as we expected at the beginning, was not willing to concede when he moved the Bill that is now before the House. As a matter of fact, he responded liberally to the demands of the commercial community, and the Select Committee made certain exemptions which will go to raise the burden on certain commodities that are affected by this tax. Well, Sir, criticism is brought before us to-day that the Government are bringing this measure over the heads of the commercial community, when their demand to make up the deficit is very little. When the budget deficit is anything less than fifty lakhs, it is said, there is no justification to levy such a big tax as the cumulative turnover sales tax. I think the Opposition has not taken into consideration the programme of the Congress Party as such. We
30 have come here, Sir, with a definite programme of doing some
n. good, of reforming the present system of taxation and of raising the burden from the village and of shifting it on to the town. (Some hon. Members: Question.) That is our election pledge and we are going to fulfil it in spite of what Mr. Hameed Khan says.

"Well, Sir, I would like to tell the opponents to this Bill that taxation is not merely a static or stationary problem, the cutting of an existing cake—it is a moving and dynamic problem. In this Presidency, Sir, the people both in the urban and rural areas are paying annually something like 15 crores of rupees to the coffers of the State. If we take the last budget and analyse the revenue of the Government we get at the following figures:—30·9 per cent Land Revenue; 11·6 per cent Irrigation; 25·2 per cent Excise; 31·1 per cent Forests; 12·00 per cent Stamps;

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3·4 per cent Motors; 2·1 per cent Registration; 1·1 per cent Electricity and the rest 9·4 per cent. If we examine these figures I would challenge my friends in the Opposition to say what proportion of these percentages, the man who lives in the urban areas or the commercial community pays to this Government. You can easily say that nearly two-thirds of this revenue, or even a little more than that, is being paid by the man who is tilling the soil, the man who lives in the village, who toils every day on a meagre income. It is not just. It is within the frame-work of our programme to see that this burden is shifted on to the town. Let us see how the expenditure runs: 17·9 per cent goes to the General Administration; 10·2 per cent to the Police, 16·5 per cent to Education, etc., and much of the money we spend—out of the 15 crores we spend every year—is being spent entirely in the urban areas. While the rural areas pay so much, the urban areas and the educated and commercial people will get the benefit out of this income. Therefore I plead on behalf of the villager who has been made to suffer at the hands of the urban representatives all these years, that this taxation should be shifted from the village to the town and the criterion laid down by the Hon. the Premier at the first stage of the introduction of the Bill is found correct and justified.

"Then, Sir, there is another ground also. The argument is brought to bear that on account of the Prohibition policy of the Government this big burden is being thrown upon the mercantile community so that commerce might be killed. I would like to quote the Indian Taxation Enquiry Committee which has made its report long ago: 'The increasing pressure for a more drastic regulation of the liquor traffic in particular makes the study of alternative sources imperative.' It is only on this advice of the Indian Taxation Enquiry Committee Report, which the hon. Member, Mr. Langley took pleasure in quoting more than once and that too only certain portions of it, that this Taxation policy is based. We feel, that if the rural population is allowed to continue to drink, they will have no salvation. We must remove it. If that time comes when in these 24 districts not even in one single village there will be drink, except for the privileged European, we will be very happy. I don't mind at this stage if I pay one anna more for a bag of rice which I purchase, because this will put it in the 12 crores as a positive income into the coffers of the poor man when this Prohibition is effected.

"And next, Sir, there is another argument advanced that on account of the imposition of this Sales Tax, owing to the non-exemption of agricultural products the agriculturist is going to be affected, the man who is already burdened with taxes. They argue that the middleman who purchases his produce will shift the burden of the incidence to the produce and the produce will be

affected finally. I want to put one straight question. Sir, let the merchant, let the agriculturist, producer and let this Government combine and increase the price by 2 annas per bag of his produce to-day; can they? He was selling his bag of paddy at Rs. 7 per bag in 1929, it fell down to Rs. 2-8-0 and came up to Rs. 3 and to-day it is Rs. 3-8-0 and Rs. 4. Why not the merchants with their sympathy to the poor man raise the price of a bag of paddy by 2 annas or 4 annas or 8 annas. I say the change of the price is not in their hands. It is under the control of some unseen power pervading the whole world; all prices are controlled internationally. Therefore, I say that if upon this 4 rupees, 4 pies is imposed—only 4 pies additionally imposed—I do not think the merchant will shift his burden to the agriculturist. It is impossible. He will never sell his produce if his price is cut down. The argument that the agriculturist has no bargaining power and that it will force him to undersell on account of the bargaining power of the merchant and that therefore the burden will go to the agriculturist is all bunkum. The Government have already appointed 12 more marketing officers. And with the aid of the Co-operative Movement I am certain that this burden will not be allowed to be shifted to the agriculturist. If at all it must be shifted to the consumer who earns and who is bound to pay to the coffers of the State.

"And, then, Sir, another argument is brought forward that the exports are not exempted. I would like to tell my friends that the analogy drawn is not correct that exports are exempted in those countries where a Sales Tax is imposed, for the simple reason that they are manufacturing countries. They purchase their raw materials from a different country, they manufacture them and sell the manufactured articles in their colonies and dependencies. Threfore, they won't tax their exports in order to give some concession to their industries. But in India we do not export, practically any manufactured articles. Our export of manufactured articles is very little and even in the case of that little, the Hon. the Premier was very considerate and he cut down the tax by 50 per cent. Therefore, even that burden over a manufactured article which gives any additional labour and additional employment in the country, is being partially exempted under the Sales Bill; and therefore, if the exporter or the purchaser who purchases raw materials has to pay a little bit more for his produce, I do not think we need feel sorry over that. I do not see any reason for exempting the exports as suggested unless they are manufactured articles; but the concession has been given in favour of the manufactured articles designed for export.

"Then, Sir, there is another argument advanced. Mr. Krishnamachariar was quoting what the effect of the tax was in America; he said that 60 per cent of the income under 1,000

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dollars will be affected. I think in India there are very few who get an annual income of 1,000 dollars. But none-the-less I have to quote him away with some other figures and my information goes to show that the incidence of this tax was 2·5 per cent in Germany in 1924 and with the proper working of the Act, it is now reduced to ·75 per cent; that is a negligible burden and I do not think that the imposition of this tax in the long run and in the working of it will impose any additional burden even upon the consumer as suggested.

"I come to my last point, namely, the motion of Mr. Khalif-ul-lah that there is strong opposition in this country, that there are no facts before the Government and that therefore this Bill should be adjourned for another six months. I do not see eye to eye with him. Sir, what opposition there is in the country is manufactured by interested parties. I do not see in the Opposition any Member representing the rural interests protesting against this measure, because they are the beneficiaries, no doubt. There are only 2 General constituency Members in the Opposition. So many of the Members on this side that represent rural constituencies and the agriculturist and who are elected by the agriculturists stand for this Bill and we wish to see this Bill worked and get that profit distributed to the villagers and the agriculturists and to the poor man in the country who have suffered all these years under people like those who now sit in the Opposition and represent interested parties and rich people in the country.

"Before I close, I would like to invite the attention of the House to the imperative necessity for passing this Bill immediately and for pooling the benefits of this measure by bringing in legislation as promised by the Congress Party to the country at the time of the election and that is only possible, and will be only possible, by such measures like this which is in the interests of the many and not in the interests of the few."

* D. SAIYED IBRAHIM SAHIB BAHADUR :—"அக்கிராசனாதிபதி அவர்களே! இந்த விற்பனைவரி விஷயத்தை ஒத்திவைக்க வேண்டுமென்ற பிரேரணையை எதிர்கக்ஷி மெம்பர்கள் மட்டுமே ஆதரிக்கிறார்களென்று நமது காலா வெங்கட்ராவ் அவர்கள் சொல்லுகிறார்கள். ஆனால் எதிர் கக்ஷி மெம்பர்கள் மாத்திரம் ஆதரிக்கிறார்களா அல்லது நமது மாகாணத்தில் பொது மக்களும் ஆதரிக்கிறார்களா என்பதை இவ்விடத்தில் நாம் நிர்ணயிக்க முடியாது. அது எவ்விதம் நிர்ணயிக்கலாமென்றால் நாம் மறுபடியும் தேசத்தில் போய் வாக்கு வாங்கிவந்து பெரும்பான்மை, சிறுபான்மையோருக்கு இருக்கிறதென்று பார்க்கவேண்டும். அப்பொழுதுதான் ஜனங்களால் ஒப்புக்கொள்ளப்பட்டது அல்லது ஜனங்களால் நிராகரிக்கப்பட்டது என்பதாக நாம் ஒத்துக்கொள்ளலாம். ஆனால் சிலர், "நாம் இவ்விடத்தில் வந்துவிட்டோம், நமக்கு பெரும்பான்மை இருக்கிறது; ஆகையால் இன்னும் மற்ற ஜனங்களால் ஒப்புக்கொள்ளப்படவில்லையென்று சிலரால் சொல்லப்படுவதை நாம் ஒத்துக்கொள்ள முடியாது"

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என்று சொல்வது தவறு. ஏனென்று கேட்டால், தினந்தோறும், பத்திரிகைகளின் மூலமாகவும் பிரதம மந்திரி அவர்களுக்கு நிருபத்தின் மூலமாகவும் பொதுக்கூட்டங்கள் மூலமாகவும் எவ்வளவோ எதிர்ப்பு வெளிப்படுத்தியிருந்தும் அது ஒரு சிலரால் முக்கியமாக பேப்பர்களில் வருவதைப் பார்த்தால் ஒரிரு எதிர்ப்புக் கிளர்ச்சிக்காரர்களால் பேசப்படுகிறதேயல்லாமல் பொதுவாக ஜனங்களால் பேசப்பட்டதாகாதென்று சில காங்கிரஸ் மெம்பர்கள் சொல்லுகிறார்கள். அது முற்றிலும் பிசகு. ஏனென்று கேட்டால் இப்பொழுது இந்தப் பிரச்னையின்பேரில் இரண்டு கக்ஷியாரும் தேசத்தில் போய் கூட்டம்கூட்டிப் பேசுகிறார்கள். அந்த மீட்டிங்குகளை யதார்த்தமாக, உண்மையான கண்ணால் பார்த்தால் எவ்விதம் புலப்படுகிறதென்பது நியாயஸ்தர்களுக்கு விளங்கும்.

"ஆனால் இப்பொழுது வந்திருக்கிற நமது சகோதர மெம்பர்கள் ஆகியவர்களும் பிரதம மந்திரியாரவர்களும் ஏனைய பொக்கிஷ மெம்பர்களும் பணம் வாங்குகிறவர்களேயல்லாமல் அவர்கள் உத்தியோகத்தில் ஒருக்காலும் பணம் கொடுப்பவர்களேயல்ல. ஒரு கேஸ் ஜெயித்தாலும் **fees** வாங்கப்பட்டவர்கள்; தோற்றாலும் **fees** வாங்கப்பட்டவர்கள். நோயாளிக்கு சிகிச்சை செய்து உயிருடனிருந்தாலும் **fees** வாங்கப்பட்டவர்கள்; செத்துப் போனாலும் **fees** வாங்கப்பட்டவர்கள். அப்பேர்ப்பட்டவர்களால் இந்த கவர்ன்மெண்டு நடத்தப்படும்போது ஜனங்களுடைய கஷ்ட நஷ்டங்களை அவர்கள் எவ்விதம் தெரிந்துகொள்ளுவார்கள்? கஷ்ட நஷ்டப்படும் ஜனங்கள்தான் அறிவார்கள்.

"மேலும் கனம் பிரதம மந்திரியவர்கள் ஒரு உபமானம் சொன்னார்கள். ஆனால் இவ்விடத்தில் அதைப்பற்றி நான் சொல்லத் தேவையில்லை. இருந்தபோதிலும் மற்ற சிநேகிதர்களும் அதைப் பற்றிச் சொல்லியிருப்பதாலும், நானும் அந்தப் படகுத் தொழிலில் அநுபவப்பட்டவனாயிருப்பதாலும், அது சம்பந்தப்பட்டவனாயில் நானும் அதைச் சொல்லவே கடமைப்பட்டிருக்கிறேன். ஒரு காலத்திலும் பழைய படகில் மனிதர்கள் ஏறிப் போகப் பிரியப்படமாட்டார்கள். பழைய படகை ஓட்டக்கூடிய மாலுமிகள் புத்திசாலிகளாயிருக்கலாம். ஆனால் பழைய படகில் ஏறி ஓட்டமாட்டார்கள். அதைப்போலவே நமது **Scindia Navigation Company, Moghul Navigation Company** என்றும் இரு கப்பல் கம்பெனிகள் இருக்கின்றன. டிக்கெட் விற்கும் சரக்குக்காரர்கள் ஹஜ்ஜிக்குப் போகும் யாத்திரீகர்களிடம் என்ன பிரசாரம் செய்கிறார்களென்றால், '**Moghul line** கப்பல்கள் பழைய கப்பல்கள். அதில் ஏறாதீர்கள். அது ஓட்டையாயிருக்கும். இப்பொழுது வந்திருக்கும் **Scindia Navigation** கப்பல் புதிய கப்பல். அதில் ஏறிப்போவீர்களானால் உங்களுக்குப் பயமில்லை, சீக்கிரமும் போய்ச் சேரலாம்' என்கிறார்கள். அதுபோலவே நமது பிரதம மந்திரியவர்கள், இவ்விதம் போட்டுத் தொழிலில் அநுபவமில்லாததால் சொல்லிவிட்டார்களோ அதைப்போலவே இந்த மசோதாவை அவசரப்பட்டுச் செய்துவிட்டார்களென்றே நான் சொல்ல வேண்டியிருக்கிறது. நான் சொல்லுவதைப்பற்றி அவர்கள் பாராட்டமாட்டார்களென்று நினைக்கிறேன். ஒரு வரி விதிப்பதென்றால் ஜனங்களுடைய அபிப்பிராயத்தின்பேரில் விதிக்கவேண்டுமேயல்லாமல், நமக்குத் தேவையாயிருக்கிறதென்று விதிப்பது நியாயமில்லை. காங்கிரஸ் கவர்ன்மெண்டாயிருந்தாலும் சரி, வேறு எந்த கவர்ன்மெண்டாயிருந்தாலும் சரி; கவர்ன்மெண்டை வகித்து நடத்துவதற்கு வரி விதிக்கத்தான் செய்வார்கள். ஆனால் இவ்விதம் வரி விதிப்பதென்பது கொஞ்சமும் நியாயமில்லை. ஒரு இடத்தில் காங்கிரஸ்காரர்கள் வரி பணக்காரர்களால்தான் கொடுக்கப்படுமென்று சொல்லுகிறார்கள். இன்னொரு இடத்தில் அவர்களைச் சேர்ந்த கோஷ்டியார் 'பணக்காரர்கள் மட்டும் கொடுக்கிறதில்லை; அவர்கள் சம்பளமில்லாமல் வசூலிக்கும் ஏஜண்டாக இருந்து கவர்ன்மெண்டுக்குச் சேர்த்துக் கொடுக்கிறவர்கள்" என்று சொல்லுகிறார்கள்.

9th May 1939] [D. Saiyed Ibrahim Sahib Bahadur]

" ஒரு வரி விதிக்கவேண்டுமென்றால் ஒரு வஸ்துவின்பேரில் ஒரு வரிதான் விதிக்கலாம். அப்படியில்லாமல் ஒரே வஸ்துவின்பேரில் எத்தனை தடவை வரி விதிப்பதென்பதை அவர்கள் கவனிக்கவேண்டும். இப்பொழுது குடி வருமானம் போய்விட்டதால் நஷ்டப்படும் பணத்திற்கு ஈடு செய்யவேண்டியே இவ்விதம் வரிகளையெல்லாம் விதிக்கவேண்டியதா யிருக்கிறதென்றும் கூறு கிறார்கள். இப்பொழுது குடியால் நஷ்டப்படுகிறது எவ்வளவு என்று கேட்டால், தங்களுடைய வரவு செலவு திட்டத்தில் 17 லக்ஷம் என்று ஸர்க்கார் சொல்லியிருக்கிறார்கள். இந்த 17 லக்ஷத்திற்காக இன்றைக்கு எத்தனை வரிகள் விதித்திருக்கிறார்களென்பதை ஸர்க்கார் கவனிக்கவேண்டும். அந்த வரிகளால் இந்த 17 லக்ஷம் சமப்படுகிறதா என்று பார்க்கவேண்டும். போதாவிட்டால், இவ்வித வரியைக்கொண்டு வரலாம். ' நாங்கள் கவர்ன் மெண்டை நடத்த முடியவில்லை ; இன்னும் துண்டு விழுகிறது, ஆகையால் மேற்கொண்டு வரியை நாங்கள் போடப்போகிறோம் ' என்று சொன்னால், ஜனங்களும் ' ஏதோ நன்மையான காரியத்தை நமது பிரதம மந்திரி யவர்கள் ரொம்பக் காருண்யத்துடன் நடத்தி வருகிறார்கள் ; அதற்காக வேண்டி நாமும் கஷ்டப்படாமல் வரிகொடுக்கவேண்டு ' மென்று ஒப்புக்கொள்ளுவார்கள். அவ்விதமில்லாமல் ஏதோ, ' நான் சொல்லிவிட்டேன், அதைச் செய்துதான் தீர்ப்பேன் ' என்பது கொஞ்சமும் நியாயமில்லை. இன்றைக்கு நீங்கள் இருக்கலாம், நாளைக்கு வேறொருவரிருக்கலாம். இதற்குமுன் இருந்த கவர்ன்மெண்டுகள் இருக்கும்போது நானும் ஒரு காலத்தில் எதிர் கக்ஷியிலே உங்களுடன் இருந்தவன்தான். அப்பொழுது அந்த கவர்ன்மெண்டார் செய்த ஒவ்வொரு நடவடிக்கையையும் நமது காங்கிரஸ் மெம்பர்கள் எவ்விதம் தடை செய்தார்கள் என்பதையும் மறந்து போகக்கூடாது. ' அப்பொழுது அவர்கள் செய்தது நியாயமில்லை, இப்பொழுது நாங்கள் செய்வது நியாய ' மென்றால், அதற்கு என்ன நியாயமிருக்கிறதென்று நீங்கள் ஆராய்ந்து பார்க்கவேண்டும். ' இன்றைக்கு நாங்கள் இருக்கும்வரையில் ஏதோ செய்துவிட்டு வந்துவிட்டோ 'மென்பது நியாயமில்லை. தாங்கள் சொல்லுகிறபடி ஜனங்களுடைய பிரதிநிதியாகவும் பொறுப்பேற்றவர்களாகவும் தாங்கள் வந்திருக்கையில், கொஞ்சமும் பொறுப்பெடுக்காமல், ' ஏதோ செய்கிறேன் ' னென்று சொல்லுவது முற்றிலும் பிசகு.

" இந்த மசோதாவில் ஒரு வரி போட்டால் அது சரி சரியல்ல என்று சொல்ல appealing authority யாரென்று நிர்ணயிக்கவில்லை. வருமான வரிச்சட்டத்தில் High Courtக்கு appeal செய்யலாம், இன்னும் Privy Councilக்குப் போகலாம் என்று இருக்கிறது. இரண்டாவது இந்த வரியை, வருஷத்துக்கு ஒரு தடவை வசூல் பண்ணுகிறதா, அல்லது மாதாமாதம் வசூல் பண்ணுகிறதா வென்பது தெளிவாகச் சொல்லப்பட வில்லை. இவ்விதம் அவசரப்பட்டுச் செய்வதினால் எவ்வளவு குடும்பங்களுக்குக் கஷ்டமுண்டாகுமென்பதை யோசிக்கவேண்டும். இந்த மசோதாவைக் கொஞ்சகாலம் நிறுத்திவைத்து, ஜனங்களுடைய அபிப்பிராயத்தையும் முற்றிலும் தெரிந்துகொண்டு, வரி எவ்விதம் விதிக்கலாமென்று ஜனங்களுடன் பேசி அதன் பிறகு விற்பனைவரி விதிப்பதுதான் முறை. அவ்வாறில்லாமல், ' எங்கள் நோக்கம்போல் போட்டுத்தான் தீருவேன் ' என்று சொல்லுவது கொஞ்சமும் நியாயமல்ல. ' இந்த 5 வருஷத்திற்குப் பிற்பாடு நாங்கள் வந்தால் எங்களை வேண்டாமென்று சொல்லிவிடுங்கள். நான் செய்யத்தான் செய்வேன். ஜனங்கள் ஒப்புக்கொண்டால் ஒப்புக்கொள்ளட்டும், ஒப்புக்கொள்ளாமல் போனால் போகட்டும் ' என்று சொல்லுவது முற்றிலும் நியாயத்திற்கு விரோதம். இப்படி அவசரப்படுவது நியாயமில்லை. கனம் கலிபுல்லா சாஹிப் சொன்னமாதிரி 6 மாதத்துக்குப் பிறகு பார்த்துக்கொள்வோமென்று நான் சொல்லவில்லை. நான் சொல்லுவது என்ன வென்றால் இப்பொழுது ஏற்கனவே விதித்திருக்கும் வரிகள் போதாவிட்டால் இவ்வித வரியைக் கொண்டுவரலாமே யல்லாமல்

செலவுக்குத் தேவையில்லாதபோது **Reserve Fund** ஆக வைத்துப் பின்னிட்டு எப்படிச் செலவு செய்வதென்பதை யோசிப்பதென்பது நியாயமில்லை யென்று சொல்லி இந்தப் பிரேரணையை ஆதரிக்கிறேன்.''

S. K. SHAIK ROWTHER SAHIB BAHADUR :—'' கனம் தலைவரவர்களே, நமது மாகாணத்தில் சமீபத்தில் விதிக்கப்படப்போகும் விற்பனை வரியால் நாம் மிகுந்த கலவரப்பட்டிருக்கிறோம். இது சம்பந்தமாக சாதகபாதகமான விசாரணை மிக மிகக் கடுமையாக நடத்தப்படுவது வருந்தத்தக்கது.

'' வியாபாரம் விருத்தியடைய காங்கிரஸ் ஸர்க்கார் ஒன்றும் செய்யவில்லையாயினும், விவசாயமும் கைத்தொழிலும் விருத்தியடைய ஸர்க்கார் செய்து வரும் உதவிகளுக்கும் அதனால் ஏற்பட்டிருக்கும் அபிவிருத்திக்கும் நாம் ஸர்க்காருக்கு நன்றியுள்ளவர்களாக இருக்கின்றோம். புகையிலை, மின்சாரம், பெற்றோல், தமாஷா எல்லாவற்றிற்கும் வரி விதிக்கப்பட்டு விட்டது. இந்த வரிகளினால் வியாபாரத்திற்கு பாதகமேற்பட்டிருக்கிறது. விற்பனை வரியும் விதிக்கப்பட்டால், வியாபாரிகளுக்கும், விவசாயிகளுக்கும், சாமான் வாங்குகிறவர்களுக்கும் (consumers), இன்னும் அதிகமான கஷ்டம் ஏற்படும். இவ்விதம் திடீரென்று பலவிதமான வரிகள் கொடுக்கக் கட்டாயப்படுத்துவதனால் உண்டாகும் கஷ்டத்தைப் பிரதம மந்திரி அறியவேண்டும். விற்பனை வரியால் வியாபாரிகளுக்கு ஜாஸ்தி நெருக்கடி வந்து சேருவதுடன், சாமான்கள் விலை ஜாஸ்தியாய்விடும். அதனால் பாமர மக்களுக்கு மிகக் கஷ்டம் நேரிடும்.

'' வியாபாரிகளுக்கு லாபம் ஜாஸ்தி கிடைக்கிறதென்றும், அதனால் எவ்வளவு வரி விதித்தாலும் வியாபாரிகளால் தாங்க முடியுமென்றும் சர்க்கார் நினைக்கின்றது தவறு. வியாபாரத்துக்குப் பலவிதமான வரியை விதித்து, அதனால் கிடைக்கும் வருமானத்தைக் கொண்டு விவசாயிகளுக்கும் கைத்தொழில் வேலைக்காரர்களுக்கும் உதவி செய்யலாமென்று சர்க்கார் நினைக்கிறார்கள். விவசாயத்தாலும் கைத்தொழிலினாலும் உற்பத்தியாகும் பொருள்கள் சரிவர விற்பனையாகவேண்டுமானால் வியாபாரிகளுக்கு இவ்விதமான நெருக்கடிகளொன்றும் இருக்கக்கூடாது. வியாபாரிகள் க்ஷேமம், விவசாயிகள் க்ஷேமம், கைத்தொழிலின் க்ஷேமம் இம்மூன்றும் ஒன்றுக்கொன்று சம்பந்தப்பட்டதாகவே இருக்கிறது. ஆகையால் ஒன்றுக்கு வரும் கெடுதல் மற்ற இரண்டையும் கட்டாயம் பாதிக்கும். ஆகையால் வியாபாரிகளுக்கு அதிகமான வரி விதிக்கும் சர்க்காரின் கொள்கை சரியல்ல. புகையிலை வரியில் மட்டும் சுமார் 1½ கோடி ரூபாய் வருமானம் கிடைக்கப்போகிறது. பெற்றோல் வரி, மின்சார வரி, தமாஷா வரி, இந்த இனங்களிலிருந்து ஏராளமான வருமானம் கிடைக்கும். இன்னும் நில வருமானத்துக்கும், உத்தியோக வருமானத்துக்கும் வரி விதிக்கலாம். அந்த இனத்திலிருந்தும் ஜாஸ்தி வருமானம் கிடைக்கக்கூடும். மேற்சொன்ன வருமானங்களினால் சர்க்காருக்கு மது விலக்கினால் ஏற்படும் நஷ்டத்தை ஈடு செய்துவிடலாம். ஆகையால் விற்பனைவரி அவசியமில்லை.

'' விற்பனைவரி விதிக்கவேண்டிய அத்தியாவசியமாயிருக்கிறதென்று சர்க்கார் நினைக்கும்பக்ஷத்தில், [illegible] சத விகிதத்தை [illegible] அல்லது ¼ சத விகிதமாகச் செய்யவேண்டுமென்று நான் சர்க்காரை வேண்டுகிறேன்.

'' விற்பனை வரி மசோதாவில் விலக்கப்பட்ட ஜாப்தாவில் நெல், அரிசி, தேங்காய் இவைகளைச் சேர்க்காமல் விட்டுவிட்டது மிக வருந்தத்தக்கது. பாமர மக்களுக்கு முக்கிய உணவுப் பொருளாகிய நெல், அரிசி முதலிய

இனங்களுக்கு வரி விதிப்பதனால் அப்பொருள்களின் விலை ஜாஸ்தியாய் விடும். அதனால் அவர்கள் கஷ்டப்படுவார்கள். நெல், அரிசி மீது வரி விதிப்பது ஏழைகள் நிலைமையை உத்தாரணம் செய்வது என்னும் நமது சர்க்காரின் கொள்கைக்கு முற்றிலும் விபரீதமானது. வருமானம் ஜாஸ்தி கிடைக்குமென்று நெல், அரிசி, தேங்காய் முதலிய பொருள்களின்மீது வரி விதிப்பது சரியல்ல. தேங்காய் முன் விலையில் நாலில் ஒரு பாகம் தான் இருக்கிறது. ஆகையால் தேங்காய் விவசாயம் நடத்தும் விவசாயிகளுக்கு சில வருஷங்களாக அதிக நஷ்டம் ஏற்பட்டிருக்கிறது. இந்த வரியினால் இன்னும் அதிகமான நஷ்டம் ஏற்பட்டுவிடும். ஆகையால் நெல், அரிசி, தேங்காய் முதலியவற்றை விலக்கப்பட்ட ஜாப்தாவில் சேர்க்கும்படி பிரதம மந்திரியை நான் வேண்டிக்கொள்ளுகிறேன்.

"கடைசியாக இந்த மசோதாவில் விற்பனை சாமான்களுக்குப் பலதடவை வரி விதிக்க நேரிடுகிறது. ஒரு சாமானுக்கு மிதமான வரி ஒரு முறை மட்டும் விதிக்கப்பட்டால்தான் வியாபாரிகளால் தாங்க முடியும். பல தடவை வரி விதிக்கப்பட்டால், கட்டணம் ஜாஸ்தியாய் 4, 5 சத விகிதம் ஆய் விடும். அதனால் சாமான் விலையும் ஜாஸ்தியாய்விடும். அதனால் தோல் சாமான்களுக்கு வரி விதிப்பதுபோல் மற்றெல்லா சாமான்களுக்கும் ஒரு தடவை மட்டும் வரி விதிக்கவேண்டும். இப்பொழுது வியாபாரம் மந்தமாயிருக்கும் காலத்தில் மழையில்லாமல், கஷ்டப்படும் காலத்தில், வரி விதிப்பு மசோதாவைக் கொண்டு வருவதைப்பற்றி நான் மிகவும் வருந்துகிறேன். ஆகையால் பிரதம மந்திரி இதை யெல்லாம் நன்றாக கவனித்து மசோதாவைத் திருத்தம் செய்வாரென்று நான் நம்புகிறேன்."

K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"Sir, before I say anything I wish to make my attitude clear to the Hon. Members regarding the criticism which I wish to make on this motion. I do not hold that the Government are not entitled to raise additional revenue, nor do I say that they must never think of a sales tax for our Province. But, I certainly doubt whether the arguments that have been advanced for the levy of a sales tax are really convincing. At the same time I must express my deep disappointment over the manner in which the motion for postponing the measure is received by the members sitting opposite.

"Sir, there is a certain amount of misunderstanding with 41
regard to the opposition that is going on in this Province with regard to this tax. So far as the opposition is concerned, I must straightaway say that I do not agree with Mr. Kala Venkata Rao that the opposition comes from a few vested interests, that the opposition is not genuine and that the opposition is one that need not be cared for. If I can express my own opinion it is this: if there was any measure in the history of the Madras Legislature which has invited so much public criticism, I must say it is the Sales Tax Bill. There can be no denying of that fact at all.

"Another thing is this. The criticism of this measure is not tinged with any party colour. There is not opposition just for the sake of opposition. If members of the Opposition criticize this measure, it is not with party motives or party ideas. They feel that they are in duty bound to urge their point of view on the Government. If there is any criticism outside or if there is

[K. Abdur Rahman Khan Sahib Bahadur] [9th May 1939

any *hartal* outside by way of protest, it is not with the idea of opposition to the popular Government but it is with the idea to express the fears that are legitimately entertained by the various interests that are really to be affected by this tax.

"It is remarkable that the people in this Province are not averse to the new system of taxation or additional taxation. They have willingly consented to pay the tax on tobacco; they have willingly consented to pay the tax on petrol, on the sale of electricity as also the tax on entertainments. As we are now situated, the moment one lights his cigarettes he will have to shell out a tax on the tobacco he smokes. As soon as he switches on the electric light, he will have to shell out the tax on the consumption of electric current. The taxes are increasing and the citizens are asked to pay more and more to the coffers of the State. What is the reason for the agitation against the tax and for its intensity? People of the commercial community feel that this tax will dislocate their business and trade. It is with that *bona fide* fear that they oppose the levy of the tax.

"Sir, let me pass on to the grounds on which the new tax is justified. The Hon. the Premier made a laboured speech when he introduced the Bill as also the amended Bill, saying that the tax was justified because they wanted Prohibition. He said that the tax was justified because there was no other tax which could be caught hold of under the Government of India Act. Sir, the other argument that was advanced was that the tax on sales was a tax which was adopted in other countries. Let me examine these arguments. So far as Prohibition is concerned, I certainly can say it has meant a loss of . . ."

MR. SPEAKER:—"The arguments of the hon. Member are not arguments upon the amended Bill. The principles of the sales tax have already been approved by the House. There is no use in going through the original arguments that were advanced by the Premier at the time he introduced the Bill. The hon. Member has already answered him. It is perfectly irrelevant; the hon. Member travelling the old, old ground."

K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"Sir, if I refer to it, it was not with a view . . ."

MR. SPEAKER:—"The hon. Member is answering the old arguments. They have been answered already."

K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"I refer to it because the Premier himself referred to this argument."

MR. SPEAKER:—"It is a waste of time of the House."

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K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" Then I pass on to the other argument. The Premier again referred to the fact that this tax was sought because there was no other good tax available under the Government of India Act. Sir, may I point out that it is an argument which did not convince me, especially as it comes from a popular Government which professes to be sympathetic to the poor? At the time when the election was contested, the Premier and his party gave the electorate to understand that the constitution would be worked, if it was to be worked at all, for the benefit of the people. It is clear in this case that the people stand to suffer as a result of the levy of the tax. As between the two evils, namely, taxing the poor and defying the Government of India Act, the Hon. the Premier has to choose. In my opinion he must defy the Act; he must quit office and prove that the Act is such that he could not work it to the advantage of the people. A popular Government cannot reasonably plead that it can do nothing else than tax the people. The reasonable course will be to say that they are not prepared to do it and so they are prepared to lay down the office.

" I *proceed to the third argument of the Premier, that the tax* is levied in other countries. I am not prepared to speak at length refuting the argument and I merely pass on, saying that India is not Canada. If the Premier thinks that the sales tax in Canada is justified, I do not know how he can justify it in India. There is vast difference in the standard of living and other economic conditions in both the countries.

" I now come to the other features of the amended Bill that has been presented to the House. In the amended Bill certain improvements have been effected over the provisions of the original Bill. The Select Committee thought it fit to give certain exemptions in regard to certain industries. They have thought it fit to limit the application of the tax to only one stage. They have considered it proper to help other industries by giving certain other concessions. Sir, my point is this: If the Committee thought that there was need for restricting the levy of the tax on one particular industry, may I know from the Hon. the Premier whether he and the other members consider that all the other industries are capable of paying the tax, even if it be a cumulative tax? The tax on hides and skins has been singled out and the Government agreed that this business must be taxed at only one stage. May I respectfully point out that the exemptions or special concessions in the case of only one industry do not go far enough? There may be other industries which may deserve equal treatment. There are certain industries which have not been taxed according to the amended Bill. Does this list exhaust all those industries which deserve similar help?

" Therefore the Bill can be criticized reasonably from more than one front. There is one more point and I am finished. I

know the Hon. the Premier is as much interested in the trade and industry of our Province as any body else. We know, too, that he is kind towards the poor. But I feel that the poor according to the present Bill do not stand to gain but stand to lose. It is presumed that this tax will not affect the villager at all but that it would only affect the producer. It is difficult to divide people into such water-tight compartments. It is my opinion that the tax will certainly be shifted by the producer to the consumer, whether he is a villager or a townsman. So it is not correct to say that the poor man will not be affected by this particular measure. I am sorry for the light-hearted manner in which the Premier has treated the whole agitation. He compared the critics to the children travelling in a coach and said that the coachman need not care for what the children said, so long as he would lead them to the proper destination."

THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, may I state to the hon. Member that what he refers to was said not about this particular Bill but generally about Democracy?"

K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" Sir, the Government that has brought this measure before us to-day is democratic government. It is in that light that I take it. I am given to understand that this parable was not particularly about the sales tax but about democracy in general. But the point I wish to impress on the Premier is that so long as the objections have been expressed *bona fide*, it is but proper that proper consideration should be given to them. Nothing would be lost if the consideration of the Bill is delayed for six or seven months. It is not a dilatory motion; it is for consulting public opinion. Therefore I support the motion of my friend Mr. Khalif-ul-lah."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Hon. Members who have spoken before me on both the amendment of my hon. Friend Mr. Khalif-ul-lah Sahib and on the motion for the consideration of the Bill, have dealt with the report as well as the need for postponing the consideration of the Bill by a period of six months. I believe, Sir, both at the introduction stage and also to-day, hon. Members have tried to make out a case against the Bill; and realizing that it is impossible for the Opposition to have the Bill shelved altogether, they have moved for an adjournment of six months, hoping that within that time it may be possible for the Government and the Opposition to try to secure more information and data on the provisions of the measure. The Hon. the Premier, in making this motion, referred to other countries which are levying a turnover tax. But I am afraid it is inadvisable for us to follow the example of countries elsewhere, particularly countries in the West which have advanced economically and industrially and also in their business methods and systems of taxation. Sir, our countrymen are poorer than others and therefore our tax-paying capacity is also less. The Hon. the Premier

is aware of this and he is also aware of the fact that in countries where this system of taxation obtains, the tax is either limited to one or two commodities or that it is levied at one stage only and is not cumulative. Sir, though the rate there is high, the fundamental principle on which the tax is based in most countries is that it should not have a cumulative effect.

"I do not think it is necessary for me to question the need for introducing a measure of taxation of this nature at this stage when neither have we introduced Prohibition throughout the Province nor are we faced with any large deficit. No case has yet been made out to show that our financial condition is such that it is necessary for us, now and here, to raise large revenues in order to balance the Budget. I do not think the Hon. the Premier has made out any case of that nature. It is, however, said that his intentions are, first of all, to introduce Prohibition throughout the Province if possible; and that in order to do so he wants to raise large revenues which would make good the loss that we might incur from the fall in excise revenue. I have said on a former occasion that it is very unfortunate that people who are in the least benefited by the introduction of Prohibition are called upon to pay more and more taxes. I remember that the Hon. the Premier told us, when he adumbrated the policy of Prohibition, that it was not his intention to introduce Prohibition at one stroke throughout the Presidency. For one thing he wanted to find out how far it will be successful and for another he wanted to see what the loss would be and what the additional expenditure would be for maintaining Prohibition in some of the districts. Even though it is now more than a year since Prohibition was introduced in one district, I do not think the Government are in a position now to say that they have hopes of successfully introducing the same throughout the Province. That being the case, it is reasonable to know whether the Government will introduce Prohibition throughout the Province within a year if they are in a position to collect four crores of rupees by means of these taxation measures. Therefore there does not seem to be any need for collecting such a large sum of money from the tax-payer by means of a taxation measure of this kind.

"Then, Sir, it has been said, that the primary object of the Government is to help the agriculturist and the peasant who are paying land revenue and fulfil their election pledge. But even this tax, according to the Hon. the Premier, will not be sufficient to make good the loss which the introduction of Prohibition throughout the Province will involve. I believe it is only after the introduction of Prohibition throughout the Province and after meeting the loss of revenue that it will result in, that the Government will think of giving relief to the agriculturists by reduction or remission of taxes. But that seems to be a remote and far cry. Therefore there is no purpose served, other than that of placating

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the agriculturists, by bringing in the agriculturists in this connexion and telling them in season and out of season that the Government are levying these taxes for their good. It is no use telling them: 'You wait and see. We are going to reduce your land tax and therefore you pay something more for your necessaries and accept these taxation measures.' Therefore, Sir, even in that respect, there is no case made out for these taxation measures.

"I can understand my Hon. Friend the Premier saying: 'We are going to introduce Prohibition and on that account we are going to incur heavy loss of revenue. We, therefore, are in need of money; we must raise more and more revenues. It is for that purpose that we have brought forward these taxation measures.' I can understand a frank statement like that. It would have been very wise and good if the Hon. the Premier had told us that that is the reason why he is proposing these taxes. But the Government will not say that. They will advance other plausible arguments in support of this measure. And what are those arguments? They go to the extent of saying that it is their desire so to alter the economic structure of this Province as to lessen the burden on the agriculturists and on the poor and to increase the burden on the rich and on the townsfolk. Now, Sir, let us examine these assertions. As a matter of fact these taxation measures are supposed to bring in a revenue of Re. 1 crore according to some, and Rs. 4 crores according to others. This measure particularly, even according to their own admission, is not one which will give relief to the agriculturists or to the poor. On the other hand, as they themselves have admitted this measure will not affect the merchants, because they will directly transfer this burden to the consumers. This taxation will therefore indirectly affect the consumers, the agriculturists and the poor classes. Well, the Hon. the Premier in one place said that the agriculturists need not be afraid of this tax, because he is going to buy his necessaries only from a small dealer who will be exempted under this Bill. Sir, I am not sure whether, when he made that utterance, he remembered the fact that the tax that he is going to levy is not an one-point tax, but a cumulative tax which will ultimately attach to the commodity itself irrespective of whether it is sold by a petty merchant or a big dealer. Sir, a commodity which a petty dealer may sell would have been taxed in its earlier stages while passing from one hand to another. Therefore its price is bound to rise even if the last petty dealer in it is exempted from paying the tax. Therefore to say that the agriculturist who buys from a petty dealer will not have to pay a higher price for his necessaries, is not correct.

"Then, Sir, on the question of shifting the burden from the rural areas to the urban areas, I may say that this tax is gradually going to shift itself to the rural areas. The merchants are mostly

in the urban areas, although some of the small dealers may ply their trade in the rural areas. Therefore even that argument does not hold good.

"The Hon. the Premier in one of his speeches recently said that this Bill, if it is passed in this House, will not be passed by the strength of a majority. I shall quote his very words: 'We only do what is just.' He says that this taxation measure is a just measure and therefore it will be passed. Whenever hon. Members on the side of the Opposition rise and criticize the actions of Members of Government and their followers on the other side, so far as these legislations are concerned, it arouses the indignation of the Hon. the Premier and he prevents members of the Opposition from attacking the Government. I am afraid that the Hon. the Premier, in making a statement of the kind which he has made just now, indirectly attacked his own colleagues. What does he mean by saying that 'this measure is not going to he passed by a majority'? Is it not going to be passed by a majority? After all, we know that only the decision of the majority is upheld. The Hon. the Speaker himself bases his decision on that of the majority. Whenever a decision has to be arrived at, all the Members of this House give their votes and the Hon. the Speaker has to count their heads or hands. May I ask the Hon. the Premier whether it does not tantamount to saying that these measures are passed by a majority, even if they are passed by a majority of one? May I ask the Hon. the Premier what exactly he meant by saying that these measures are not passed by a majority in this House? I believe in every legislature any measure is passed when a majority supports it. If the majority does not support it, it will not be passed. Either it is passed by a majority or it is not passed at all."

MR. SPEAKER:—"I think the hon. Member himself admits the truth of the statement of the Hon. Premier, *viz.*, that because it is a just measure, the majority passes it. 'In case there is a majority, it passes it'—that is what the hon. Member Mr. Abdul Hameed Khan himself stated."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"The Hon. the Premier said 'we are not passing these measures by a majority' and then he said that this taxation measure is just."

MR. SPEAKER:—"And the majority does what is just."

THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, this sort of discussion will not throw much light on this Bill."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I think my Hon. Friend the Premier said . . ."

MR. SPEAKER:—"What the Hon. Premier said was that the Government were passing this legislation, not because of the strength of the majority, but because it was just and that they were giving every consideration to the views of the minority, and evidently to any reasonable and just amendments of theirs."

THE HON. SRI C. RAJAGOPALACHARIAR:—"It is difficult for minorities to understand the delicate point."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"My point is that whenever any hon. Member from the Opposition side gets up to attack or say anything against the Government, he is not given an opportunity to express his views. Whenever my friends on this side get up and wish to say something against the Government, the Hon. Premier gets offended. I submit that it is very wrong to take things like that. I hold that by saying that this measure is not passed by a majority, it would amount to making an indirect attack on his colleagues."

MR. SPEAKER:—"That is not the point at issue now."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"In the original Bill when it was introduced, the scheme was that the only stage at which this tax was to be imposed was when the sale took place at the seller's premises. In the Select Committee, the whole Bill has been transformed and the effect of this has been, to say the least, to double the tax, inasmuch as not only the person who sells the goods will be taxed but also another class of people, viz., those who purchase will be taxed. As for the legality of taxing these people, I do not want to question it here. I believe it was certainly not given to the Select Committee so to alter the scheme of the Bill as to bring within its purview a class of people who were not intended to be taxed. I believe that this important change has radically altered the shape and the purpose of the Bill. This is a very, very important and unwarranted change that the Select Committee has made.

"Beyond this the Committee has not made any fundamental changes. So far as the rate of tax is concerned, it is the same half per cent; and so far as the cumulative effect is concerned, the Committee has not made any change. It was the intention of some of us that we would be agreeable to the passing of this important measure, if the tax was at a single point and was not cumulative in its effect. And the other proposal that some of us made and still propose to make, is that the tax should be reduced from $\frac{1}{2}$ to at least $\frac{1}{8}$ per cent. The argument that was advanced by those who wanted to reduce the tax was that, this measure being a new measure, they did not know what its effects would be on the trade and commerce of this Province. The other reason put forth for reducing the tax was that if the rate proposed in the Bill was not lowered, the poor man would suffer, because the incidence of tax would ultimately be on the consumer inasmuch as the merchant would shift the tax on to the consumer. In most cases, according to the scheme of the Bill as it stands, the burden will be shifted on to the consumer. Whereas if the tax is reduced to 1/8 or 1/16, the incidence will be on the trader and the merchant and the poor man will be saved. If the rate

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of tax is 1/8 or 1/16, in the case of most of the commodities it would be impossible for the trader to shift the burden on to the consumer, and the consumer will be free.

"Then, Sir, certain classes of articles were exempted. Cotton and yarn were exempted. Some others were exempted fully and some others were exempted partially. I do not think I need take up that question now because we have got an amendment. But what I feel is that we should exempt foodstuffs and cereals. I do not know whether it will be enough to exempt the agriculturists. The Hon. the Premier has given notice of an amendment to this effect. I do not know whether even that privilege which the agriculturist was given under the original Bill, will not be taken away by the amendment which the Hon. Premier has given notice of. It seems to me that it will not be enough if we exempt the agriculturists who sell their own produce. After all there are so many stages. For the very articles of necessity, for instance foodstuffs and rice, they will have to pay tax at various stages and ultimately the merchant will have to transfer the burden to the poor consumer who will have to pay more even for the necessaries of life. My Hon. Friend, the Premier, pleads that the Government of India Act gives him the power to levy this tax by including the transactions of sale in the Provincial list. Some hon. Members have pointed out that this is not the only source."

[At this stage the Deputy Speaker (Srimathi Rukmini Lakshmipathi) took the Chair.]

ABDUL HAMEED KHAN SAHIB BAHADUR:—"The Hon. the Prime Minister has said that he was helpless, especially when he was faced with the loss of revenue on account of introduction of Prohibition, and that, therefore, he has to levy some taxes somewhere. The Hon. the Premier says that the schedules do not give him any other item except the tax on the sale of goods. But I may tell my Hon. Friend that there are other sources also which can be tapped. I do not want to tell him now what they are, because it is not my business to tell him to levy a tax on this or that item. But at the same time, I want to bring to his notice—he knows it already—that it is not correct to say that this is the only source of revenue that is left to the Provincial Government.

"I therefore think that so far as the motion for adjourning the consideration of the Bill to six months from this date is concerned, nothing will be lost by the Government in agreeing to it. It was said that there would be more and more agitation and it would not do any good either to the tax-payer or the Government to postpone the consideration of the Bill. One argument that can be advanced is that there is no urgent necessity to raise this tax immediately. Secondly, in dealing with a very important measure like this, it will always be advisable to wait

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and get more information as to the implications of the Bill and the extent to which it will affect the industry and commerce of this Province."

* THE HON. SRI T. PRAKASAM:—" Madam, I should not have risen to speak on this Bill which has been explained in such a lucid manner by the Hon. the Premier, but for some criticism which has been levelled by some hon. Members—criticism which has not been very reasonable sometimes. The last speaker said in his concluding remarks that no case had been made out for *introducing this measure at this juncture and no ground* has been shown for levying a tax of such a magnitude on the people at this juncture. The hon. Member Mr. Langley said, no doubt in his usual humorous style, that some of us here knew anything of this measure except the Hon. the Leader of the House. We too have some idea of this measure; we hope that the arguments put forward by the Hon. the Leader of the House would have enabled Mr. Langley to accept the Bill without referring to us on this side as people who know nothing about this measure. I must point out, Madam, that all the trouble is due to want of study and largely, to ignorance. The subject is not easy. It requires study and understanding. It has been argued by more than one hon. Member that it was only recently that the Budget had been passed, that that Budget had been balanced somehow and that what was wanted was only a small amount according to the Budget proposals. It was also said, that even granting that something more was wanted to cover the deficit caused by extending Prohibition to a few districts more, the Government might have limited their demand to the amount just required to meet that deficit. These are some of the arguments put forward by some of the learned Members opposite. They have been followed by the contention that this measure affects not one section or group or any limited number of people, but every man, woman and child. These contentions show that they have not studied and grasped the position.

" Sir, I would first address myself to the question whether this tax affects every man, woman and child in this Province. The total population of this Province is about 44,165,000. Out of this total population, the trading section consists of 1,205,860. Of this, three lakhs are women and nine lakhs are men. And a provision has been made, which should not be lost sight of, to the effect that all those whose turnover is less than Rs. 10,000 should be exempted. If you take the number of exempted people amongst whom all the smaller dealers will come, what is the number left? The number that will be actually coming under this Bill will be only a few thousands. I do not say that I have worked very exact figures, but the figures which I have given are roughly correct. Let us now see how much of the total population lives in the rural area and how much in the urban area.

86·4 per cent of the population lives in the rural area and 13·6 per cent in the urban area. I and most of the Members who are with me in this Government are persons who have been visiting the remote corners of the villages and we know exactly what lives the people there are leading, what cloth they are wearing, what pots they are having, what food they are eating and what luxuries they are having in their homes. I may say that except kerosene oil which is imported and used in the villages, the other things that are adorning the shops in the towns and cities will not be generally found there. The hon. Member Mr. T. T. Krishnamachari referred to the purchasers of soaps. There was a time when one could say with some confidence whether that particular commodity or any other commodity of that kind that comes down into the country, was being used in the villages or not. The commodity referred to is one that has become very common 5
and the ordinary villagers also have learnt how to make that commodity and use it, without going to the hon. Member's shop or any other place, paying higher price and purchasing it. Therefore, I say that this Bill does not affect the rural population. I do not say there are no exceptions; there are a few; there are some people who go in for some fashionable things even in the villages. But that is not the test. The test is what the mass of the population are having. Therefore, it is wrong to contend that this measure affects every man, woman and child. Certainly not. The consumers of imported goods are very limited in number and the areas in which they live are definitely known.

" Unfortunately, records have not been maintained and registers have not been maintained, because there was no need to maintain them on account of the freedom they were enjoying from taxes. This is the first time when the finger is laid upon this spot. Registers will come into existence; numbers will be known; everything will be known within a short time. Without waiting so far, one can easily see that this is a measure that affects those who have not been paying taxes hitherto in the manner in which the poor cultivator had been taxed—not for a year or two, not for a decade or two, but throughout. The hon. Member, Mr. Venkata Rao, gave figures to illustrate the position with regard to the price of paddy which he produces.

" The next point, Madam, to which I would like to invite the attention of hon. Members is about balancing the Budget. It is not enough if the Budget was balanced on the first occasion after this Government came into existence; it is not enough if the Budget was balanced even on the second occasion. There is something more important than balancing the Budget. When we are examining a measure of this character, we have to see that trade also is balanced. Perhaps before this new dispensation, before this so-called Provincial Autonomy came in, it was not.

open to us to see that there was balancing of trade also. There was no such thing to be done by the Provincial Government under the old system of Government. But now, it is the duty of this Government to see whether trade also is balanced or not. What is the position with regard to trade? I would request the attention of hon. Members to the position of trade in three periods. I take the first period, the War-period, 1913–14. Then I take the second period, 1920–21; the latest is 1937–38.

	CRORES.
In 1913–14—	RS.
Exports by rail were for over	11·00
Exports by sea were for over	31·00
Total exports ..	42·55
Imports by rail were for over	12·65
Imports by sea were for over	25·42
Total ..	38·07

"The net result was it was a favourable trade balance of Rs. 4·48 crores.

Let us now take the figures for 1920–21—

	CRORES.
Exports—	RS.
By rail	26·27
By sea	32·70
Total ..	58·97
Imports—	
By rail	24·92
By sea	40·33
Total ..	65·25

"Was there a favourable trade balance? We had a deficit or an adverse trade balance of Rs. 6·28 crores. Now let us take 1937–38—

	CRORES.
Exports—	RS.
By rail	16·21
By sea	46·65
Total ..	62·86
Imports—	
By rail	25·58
By sea	38·64
Total ..	64·22

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" The adverse trade balance was to the extent of 1·36 crores. To this figure we must add about Rs. 3 crores being the value of tea, rubber and coffee exported from Indian States through our territory. The total comes to Rs. 4·36 crores.

" I have referred to this point because it is a most material point to enable hon. Members to understand the position. They have been contending that the necessity has not been shown, as if we have been flourishing and rolling in wealth here, as if the whole trouble has arisen only on account of the Prohibition scheme that has been introduced and that is in operation to-day. This is the position with regard to the actual trade of the Province. What will happen if sufficient care is not taken by the Government? "

(At this stage one Member in the Opposition was found napping.)

Sri S. NAGAPPA :—" May I draw the attention of the House to the manner in which the Opposition benches are receiving the Hon. Minister's speech? "

* The Hon. Sri T. PRAKASAM :—" Mr. Nagappa must visit the House of Commons some time.

" This is a crisis so far as the financial position of the Province is concerned. It is not a crisis on account of any impending war. War has been going on; economic struggle has been going on for years and years together. Mr. Krishnamachari said in this connexion, ' Consider my position; if war breaks out to-morrow, what will happen? What will be my trade? What will be my business? ' War is imminent, although it is being postponed. I do not believe that it is not imminent or not coming soon. It is bound to come, having regard to the conduct of some parties, to the unreasonable conduct of some parties. What will happen then? When a taxation measure is conceived and introduced in a parliament like this, we have to see not only to the year's financial position, but also whether there are enough food materials to keep the pot boiling during that year. We have to look back; we have to see the future also. I have given the House the actual position with regard to trade. What is the use if the Budget alone is balanced? An adverse trade balance is continuing year after year. Our memories are short and we do not remember what happened in the past, year after year. What happened when the trade balance was adverse in Great Britain? An adverse trade balance started in 1929, I think. It increased in 1930 and it increased further in 1931. In the first nine months of 1930 and early in 1931 it became very acute. What happened then? What did the Labour Government do? The Labour Government had to 5
resign and the National Government had to come into existence. And what did they do? The first step taken by them was to go

off the Gold Standard—the most unprecedented incident in the history of the world. The second thing done was to abandon 'free trade' and go back to the tariff policy of Joseph Chamberlain of the old days. They erected tariff walls and they said, 'Well, hereafter no import should come into our country. This is a critical time, because the adverse balance of trade can never be met by us, unless and until we make all the goods that we want in our country itself and meet our demands. How can we be paying money when we have no money, for the goods imported? What will be our position?' It was Mr. Snowden who was the Chancellor of the British Exchequer at that time. He said, 'Well, if the collapse that has overtaken Germany should overtake us also in the matter of this adverse balance of trade, we will sink at once. The forty years of social structure that we have built up will go to rack and ruin.' What did Mr. Chamberlain say then? He said—I had better read that portion:

> 'We have balanced the budget; but we have not yet balanced our trade. We could not go on importing goods for which we no longer have the power to pay. The policy of the Unionist Party of an emergency tariff bad acquired a new impetus by the rising of the adverse balance of trade. If we do not get it very soon, we shall not be able to live at all.'

"Hon. Members can imagine what the effect of an adverse balance of trade would have been. It was then that Britain went off the Gold Standard.

"I am pointing out to the hon. Members of the House, Madam, these things to show the position in which we are to-day and the need for this legislation and the need for understanding on the part of every one of those who have been referring to the *hartals*, meetings, agitation and opposition throughout. What are the meetings, what are the *hartals*, and what is the agitation for? I have referred to them only with a view to show that all this is confined to a particular quarter. I have no quarrel with them; they feel that for the first time this is being thrust upon them and that this tax should not come upon them. They want to show their protest. But it is the duty of this Government who have been put into office by the people, to tell them that the time has come for them to take the responsibility of bearing a portion of the burden of the taxes and not expect the same people who have been paying all along, who have come almost to the brink of ruin to-day on account of their indebtedness, to pay. It is our duty to do it; but are we afraid? If we are afraid of the meetings, if we are afraid of the *hartals* and if we are afraid of losing our vote, would we be discharging our duty here? We will not be. This is not a vote-catching measure; let there be no mistake in the minds of hon. Members here. This is a measure which is intended to tax those who are competent to pay. We are familiar with the agitation. Even the great author of the whole movement is sometimes pointed to, and some say that they would apply that satyagraha of his against himself. Well, he will not be worth his salt

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if he is afraid; if ignorance compels some people to take such steps, it will be the duty of those who know, to tell their ignorant brethren that it is a wrong thing that they are doing, that it is their duty to take up this responsibility. They will fail in their duty if they do not accept this responsibility and come forward and say, 'Yes, we shall bear the tax.' After all, what is this tax? One half per cent; one pie in the rupee; and yet so much commotion has been created. Almost every country where this tax has been prevailing, has been charging, on an average, two per cent—leaving aside the quotation given by the Hon. the Premier. Here it is only one half per cent; and for this, there is so much opposition. The Opposition should know that this is not intended by the Government to be directed against the trading section or any other section with a motive. It is not so. I never had any difficulty with the agitation which hon. Members have referred to, *hartals* and all those things. All that is needed is this: that those friends who have been misled into observing these *hartals* and making these protests, should be told about the real situation. That is why I have stood up here to explain, so far as I can understand, the actual position. I know it well. If we bring forward a tax which is very unreasonable, that is a different position.

"Apart from the deficit on account of the excise revenue given up by us, I have referred to the trade deficit with a view to impress upon your minds and the minds of those who were being misled and those people outside who did not understand the situation, the actual facts. I want to tell them that this half per cent or one pie in the rupee is not an unreasonable tax having regard to the financial situation of the whole Province and the situation of the trade as a whole. Recently, we heard protests raised by the millowners of Bombay when there was an adverse trade balance. Well, what could they do? They raised protests; but there was nobody to hear! The Viceroy will not hear; there is a gentleman called the Secretary of State who will not care for anything that this Assembly or the people may say, who thinks that he can exercise his authority on account of a provision in the Act, giving him power to do anything. But now we are in charge of the Government here, we have to point out to the people at large, to the Secretary of State there and the Viceroy and his Government in India—which is no doubt an irresponsible Government to-day—that the treatment given to the Assembly and the treatment given to this Government sometimes is not quite the proper one. So, I am now trying to place before hon. Members of the House the fact that if you take into account the money that is required to meet the deficit on account of the loss of excise revenue, and also in order to make all the necessary arrangements which a Government is bound to make, in order to make the trade balance favourable, this legislation is really necessary. Is it enough if we

charge those who can pay only one pie in the rupee? If you take all these things into account, even a three-pies tax may not be unreasonable. What would Great Britain do? Mr. Langley and other hon. Members here will no doubt protest when they feel they ought to. But what would their people do in England when a time of adversity comes? Do they require prompting? Do they require coaching? No. They come forward and say: 'We tax ourselves and pay this money; you get along now. Go and fight with that Hitler and that Mussolini.' (Laughter.) That is what they say. So, the rate of tax that is put down here is not prohibitive. It is very reasonable. As Mr. Langley said, the only person who knows the subject is the Hon. the Premier; certainly we too thought that the Hon. the Premier alone knew it and he alone could deal with Mr. Langley and with all the other groups that would not understand the actual position.

"Sir, I was talking about the Gold Standard having been abandoned. The conditions in this country are peculiar. Hon. Members would be speaking perhaps hereafter on so many amendments stating that all exports should be exempted. The exports of India are not the exports of Great Britain; the exports of India are not the exports of Canada; they are not the exports of any other country where the sales tax is prevailing to-day. The position of India is peculiar. I do not believe there will be any one to contradict the position that India is worse situated in regard to her financial position, as a subject country. Is it a small matter to state: 'Well, we have got the authority, we have got the power; we declare that the law is no more valid by which we were compelled to order that all the currency which we have put into circulation should be paid in return in gold when presented at the bank counter. We set aside that law.' There was an obligation under which all currency presented at the counter had to be redeemed in gold; but as soon as that law was at an end, they said, 'We will not pay gold hereafter.' And what happened? Of course, all over the world people have become so law-abiding that they do not know what the position is and what their right is and what their liability is. There is a country called Chile that was perhaps the last of the countries that went off the Gold Standard. The moment the announcement was made, there was a plot against the President; there was a run on the bank and everything was in danger, because the metallic security behind the currency note was taken off. That is the position in which India is to-day.

"Mr. T. T. Krishnamachari managed somehow to get bullion exempted. I for one personally would not exempt bullion—bullion that has been exported from this country, the distress gold that has been exported from this country for so many years. It was that gold that saved Great Britain from bankruptcy. Now, our Leader out of his generosity has agreed to exempt bullion also.

Sir, when there is an adverse trade balance, it is considered to be a very great crisis, not an ordinary crisis. America to whose coffers all the gold from Great Britain, Germany and other places had shifted, America which could boast of possessing most of the gold in the world, had come to grief immediately.

"It was argued by some hon. Friend that these prices are of an international character and that we have no control over them. I say that even though they are international in character and we have no control, yet each country is trying to regulate its prices and each country is trying to get as much profit as it likes. As regards Britain, so long as India is existing and so long as the link is maintained and power is retained by the Secretary of State to do whatever he likes with regard to the exchange policy, it has no anxiety. Great Britain has not levied any sales tax. Why should Great Britain levy it, so long as India is at her disposal? India is a plaything which could be made to do whatever Great Britain wanted so far as these matters are concerned. I do not want to travel over the old exchange ratio or anything like that at present, but I would like to refer to the position now. What will happen if India is not at her disposal, I will illustrate to you. There is no export tax anywhere in the country. Let us take Britain's position. Britain is in a happy position to command the Government of India as it is constituted to-day, to regulate her own business. If hon. Members had followed the proceedings of the Central Assembly in the last session, I am sure they would have known what happened there with regard to the protective duties that were imposed for the protection of Indian industries. Hon. Members may also remember what happened to the cotton duty. By one stroke, the duty on cotton was doubled. What for? A particular quality of cotton comes from England for consumption by the mills here."

Mr. W. K. M. LANGLEY:—"It comes from Egypt."

Mr. H. S. TOWN:—"On a point of information, Madam. No cotton is grown in the United Kingdom."

* The Hon. Sri T. PRAKASAM:—"I have seen United Kingdom from top to bottom; I know that so many other things also are not grown in the United Kingdom; but yet so many things come from there as if they are grown there. Whatever it is, for what purpose is this done; in what way? If it is entirely Egyptian cotton, England has nothiug to do with it. Mr. Langley got up to say that it comes only from Egypt and not from England. Yes, Egypt is so near to Great Britain and Egyptian cotton is required for Lancashire—I am prepared to be corrected, Madam, if I am wrong. If Great Britain is not interested in it, why is the duty doubled in India? It has been the subject of comment ever since the debate took place in the Central

Assembly. What is the purpose of doubling that duty here? It is difficult for the Indian millowner to produce that cotton here—that is what they believe; and therefore let it be doubled, so that they will not have the benefit of having this cotton. I am not sorry for their doubling the duty. I personally studied these things; and I understand these things from my own personal knowledge. If I have the power to do it, I would erect tariff walls and make the country self-sufficient before the second year is out. Some years ago I happened to go to Indo-China and there I saw that Ahmedabad cloth suited to the Annamese population, being imported for a very long time. Just at the time I went there, I got at the information that a tariff rate of 80 per cent was fixed on all Ahmedabad goods that entered that area; within twelve months the whole business was closed; then cloth was imported from Paris. That is the way in which protection works. In our own country, even with the little protection that is given to sugar, see what progress has been made to-day. It is only one of the commodities in the whole list, of which we could be proud. At one time Java was supplying the whole of the sugar required for India. Then the United Provinces and the Bihar Governments took that industry in hand and they are now supplying most of the sugar required for the whole of India to-day. Thus the import of sugar has now been reduced from over one million tons to 13,000 tons; and if continued like that, we can cover up even these 13,000 tons and we can also export to other countries. Similarly, they have done with regard to wood-pulp. Wood-pulp is a special commodity that cannot be made here. Since there is no sufficient machinery here to make fine paper that protection was taken out.

(*At this stage Mr. Speaker resumed the Chair.*)

This is the way in which Indian trade is regulated and Indian finance is constituted; and when such is the case how can any hon. Member say that all exports must be exempted? Are we mad people to go on taxing our own exports? Do we not know that if we can export in the same manner in which other countries are exporting, and if we could get gold or money into our country, then we would be in a better condition? We are now put to the necessity of taxing our exports because most of them are raw products and there are no manufactures here and no opportunity for developing manufactures. It is therefore now the duty of the Government to see that industries are developed and factories are established and sufficient money is found for those purposes. All people are not living on what is produced on land alone; all people are not having land. They must have other avocations that they were having at one time when the rest of the world was in wilderness; and when this country was very civilized, people had their own handicrafts, their own business, their own industries and their own manufactures. But now those things have been wiped out. Now, hon. Members get up and say 'Don't

interrupt us; there are so many intermediaries and middlemen: do not disturb them and let this tax not affect any of those people,' and so on. I say they will all be affected in the ordinary course of evolution as things progress. So, Sir, we cannot be frightened when it is said that trade will be affected, industries will be affected. If in the ordinary course of things they are affected, we will have better results in some other directions.

"Here I may point out, Sir, that Sir Sikandar's Government of the Punjab is not a Congress Government. But, the moment the cotton duty was doubled, Sir Sikandar's Government issued a communiqué explaining the position and pointing out that by this double duty, the long staple cotton that is expected to come from over there may be prevented. In the Punjab we have been developing this cotton business, we have been cultivating cotton of domestic and various other varieties; American seed has been brought there and cultivation has been going on and they have made splendid progress. In that communiqué Sir Sikandar's Government said, 'If that is not coming, we have got the hope and encouragement to undertake cultivation of long staple cotton that is prevented by this double duty from coming here and we hope to supply proper seed to the growers and see how it will work up and yield.'

"Sir, I do not wish to take up the time of the House over these matters. Everything will come in the best possible manner if only hon. Members do not grudge to pay this small amount out of their turnover. They do so many things; they employ so many servants; why should they grudge paying a small fraction--a pie in the rupee or even less than a pie in the rupee? They are powerful enough to regulate the conduct of the administration of this country when they take up the responsibility.

"We are only agents and we have got our troubles; we are not free to accomplish everything. It is only with the help and co-operation of all hon. Members of this House that the country can progress, with regard to industry, with regard to trade and everything else. It is not one, two, four or eight crores that we require; we require even twenty crores, if we want to put our house in order and prevent disaster from overtaking this country."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Mr. Speaker, much of my work has been done by my Hon. Colleague who has preceded me. The main and essential principle of this measure has been dealt with by him. The argument that something all too sudden, something unnecessary is being rushed through by an obstinate Government has to be met; that argument has to be exposed. I do not think that Mr. Langley really meant what he said when he made a powerful argument against haste, as he

described it, of this Government with regard to this measure. He said, 'this is too sudden: we thought that it would come somewhere in the month of August at the earliest; why is this being rushed through even in this session?' It is right that I should take some time to answer that procedural attack. The motion that we are considering along with the main motion for consideration is the motion for the postponement. I wish to remind hon. Members of what I said at the beginning of this session when introducing the Budget. I do not think that Mr. Langley can make out of anything that I said or suggested, that any particular month was to be given to this Bill beyond this summer. Under the paragraph dealing with the 'Budgetary problem for the next year,' I said:

> 'The Government propose to bring in two taxation measures immediately—one for the levy of a tax upon the sale of petrol and the other upon the sale of electricity'

and then after explaining the figures I went on to say—

> 'The Government, therefore, propose to introduce in the very near future further measures of suitable new taxation which, we anticipate, will enable us not only to cover the deficit . . . One of the measures under contemplation is the levy of a vend-tax on tobacco. . . The next and most important measure for which the assent of the House will soon be sought is the levy of a tax of low incidence on the sale of goods generally.'

If I had used the word 'immediately' and 'in the very near future,' and referred specifically to these taxation measures including the present one, can it be said that I have done anything wrong in having brought it now? I submit that I did not promise to the House that I would wait till August or September; nor it would be wise to do so.

"Apart from any question of promise, the argument of hon. Members has been that this will disturb trade to some extent. I do not think that the argument means that with a little notice that disturbance would be reduced. I do not think that if people are allowed to think of something or other that is going to happen, say a disaster, that will reduce the strength of the blow of that disaster when it comes. I do not think that it is right to introduce a measure giving the necessary shock to all people and then leave them to suffer from that shock, so to say, without actually finishing the business. I do not think that trade will benefit by such a process; I know that merchants may perhaps benefit. Prices can be lifted up to some extent here and there irregularly and a sort of guerilla warfare against the customers can be carried on and yet all the collected amounts need not be paid to the Government. So it is possible that merchants may benefit to some extent by the postponement of this Bill. I do not think that it would be right for the Government to be a party to that. It is better if we introduce such a thing as quickly as possible and let people understand what exactly the position is as soon as possible, so that the necessary adjustments may take

place between traders, consumers and producers. That is the justification for our wanting to get it through as quickly as possible and it is not because we want the money very urgently.

"Mr. Abdur Rahman Khan said, 'You say that no other decent tax has been left to you by the Government under the Constitution. If that is the case, why don't you fight the Constitution? Why do you not break the Constitution as you had sworn to do? Why don't you seize the opportunity of breaking the Constitution?' He invites me to resign and he invites this Government to go to the country, nay, he invites us to fight with the British Government. I do not think that he definitely means that we should go to the electorate. I do not think that we will do well in taking tips with regard to the technique of fighting the British Government from so young a man and so far away on the other side; I think that we will have to develop our own technique ourselves. It is not as if we have suddenly got afraid of warfare; it is not as if we are not experienced in fighting; it is not as if we cannot invent new weapons, should they be necessary. We must manage the technique ourselves. I hope I shall not be considered to have said anything improper by referring to the age of my friend. I only wish to tell him that we are not introducing this Bill because we are afraid to fight, though we have an opportunity and scope for introducing better taxation measures. It is because even for purposes of fighting, for wrecking the Constitution, we have to develop a technique suitable and consistent with our general philosophy. It is not because this tax is particularly bad that I say that this is the only tax that is given to us. It is said by the other side that this tax is not the best tax in the world. It is not as if I admit that this is a bad thing and am doing it simply because it is the only thing I can do, though it is bad. It has to be remembered that we cannot do better. That is the argument behind the introduction of this Bill. If we do this and if the tax turns out to be bad, then Mr. Abdur Rahman Khan will be in a better position to say that it was a good thing to have introduced it and a good way of developing a technique to fight. If the prognostications of the other side prove to be true, I will be in a better position to say, 'I believed you; I have found it is bad; I did not first believe it was bad, even though I was told it was bad. I have tried it and have seen that that is bad. So give me a better tax.' I think that it is good technique and my hon. Friend may give thought to it also when he comes to occupy a position of responsibility. It is a good technique to believe what is told you, to accept what is given you. It is good technique always to have the other person not expecting you to say that the thing is bad. It is good technique to say that in spite of your efforts and your best hopes, it has proved to be bad.

"There was a corollary to this in Mr. Langley's speech. He said, 'I know why you refuse to postpone consideration of this

measure. It is because you know the country is against you that you want to get through the measure in a hurry.' Let me examine the statement for a moment. What am I doing if Mr. Langley is giving expression to a correct state of things? I am digging my own grave politically. According to him, I am refusing the postponement of the consideration of the measure because the country is against me. Am I going to run away from the country? Have I not to go to the country later on? Perhaps Mr. Langley's argument is: 'You do not want to go back to the country. You want to do all the bad things that you can possibly do and go once for all to the country and say, "We are not responsible hereafter; we have done what we could ".' Let me accept that position and let me examine it."

MR. W. K. M. LANGLEY :—" On a point of information. Sir, may I say that I have never doubted the courage of the Prime Minister? " (Laughter.)

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I am extremely grateful for the compliment; but let me proceed with my work. These compliments do not confuse me at all. (Laughter.) Mr. Khalif-ul-lah was making a parliamentary nod indicating the acceptance of the position that I explained, namely that if we go to the country now, the country would not return us and that then we would realize the error. Very well; let it be so. But let me explain what we are doing for the Opposition. Mr. Langley, Mr. Khalif-ul-lah and other hon. Members are sure that the country will not return us if next we go to them. What would be the result? We would have given a beautiful tax to the Opposition. When they come to power, we would have left them a rich legacy. You know very well that it will pay and the Opposition has been saying that we would become unpopular. I shall explain how we are doing a good thing by the Opposition. Let the Opposition or whoever that comes to power and takes the responsibility for the administration, not say, 'These people who were at the helm of affairs for a time have made all taxes impossible. They have left the Exchequer empty and we are here to carry on the responsibility.' I want them to say something else. I want them to feel that we have done all that we could possibly do to keep the House in order, to leave a full cash-box behind. If they come to power as they expect to come to power because our measures are so unpopular, they will not at least have to curse us. On the contrary they will have to be grateful. (Laughter.) They can introduce new amenities; they can spend the money in proper ways and they can make the country feel grateful to them without being blamed for the taxation that was incidental to it. We are bearing all the irritation and the other side gets all the advantages. According to members opposite, we are so unpopular that if we go to the country, we would not be returned. But I shall point out to them the legacy that we are leaving to our successors."

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ABDUL HAMEED KHAN SAHIB BAHADUR:—" May I ask, Sir, what is to happen to Prohibition and the loss of revenue? " 6 p

THE HON. SRI C. RAJAGOPALACHARIAR:—" The other side, I expect, will carry out Prohibition and have the balance for other things. (Laughter.) Or, if the other side have the courage of their conviction, let them cancel Prohibition. (Laughter.)

" Sir, I was explaining that at the worst interpretation we are not doing wrong. Mr. Langley's worst interpretation was this: ' You are refusing to adjourn because you don't want to give time to the country, as you know the country is against you.' What is the meaning of that interpretation? It means: ' Very soon you will be displaced; very soon, the other side or somebody will be in power, the full cash chest with all its advantages will be with them, the country will not curse them, the country will not be angry with them, in fact, the country will be with them; and if the other side is so convinced that this Bill is wrong, they can cancel the measure and can give back this money.' I do not think, therefore, there was much of an accurate statement. (Interruption.) I am not sure whether it was Mr. Langley or Mr. Hameed Khan who said ' You refuse to adjourn because you know the whole country is against you and you don't want to give time.'

(Interruption by Mr. Hameed Khan.) " But I was going to him even if he had not interrupted. He said ' You are not going to introduce Prohibition so quickly and so soon all over the Province.' In fact, he used the word ' hope ' meaning that we were going to introduce Prohibition all over the Province. Perhaps he meant only ' expect ', and the word ' hope ' was only a careless use of the word. He meant only: ' Why do you want to introduce a Bill which brings in so much money unnecessarily? ' I do not think he need hope or expect that Prohibition will not be introduced all over the Province so soon. It will be done. If this tax is approved by this House and the other House, and the people respond without evasion and without any hesitation, and if the State does get the money that people estimate out of this taxation, Prohibition will be introduced soon, quickly and all over the Province. There need be no fear or expectation of the opposite on this matter.

" The argument that was chiefly advanced by most people, is this: ' You have only a certain small deficit. What is the need for this sales tax this year? You have only to cover this gap; so, why do you introduce a Bill which gives more than what you require? " I had intended to answer that with a short analogy, parable, or story or unwritten cartoon. (Laughter.) If I am thirsty and want to drink a cup of water, I do not let only a cup down a well and draw one cup of water. The ordinary householder lets down a pot and draws water up in the pot, takes what he wants for his drink and leaves the balance at home for the afternoon or the morrow. So we don't lift only a cupful from the deep well,

and the tax-payer is a deep well. (Laughter.) He is not near at hand. The taxation measure is not like a well in Madras; it is like a well in Tiruchengode, where one has to dig more than 80 feet deep to get at even a drop of water. Taxation measures in this Province are not so easy as surface water available in Madras, good or bad. You will have to draw water from a deep well so far as these taxation measures go; and therefore, it is right, proper and wise and it is in consonance with political wisdom to let down a pot and not merely a cup to draw water. This was what I had intended to say and what I have to say.

"But a friend has handed over to me a copy of the original Hansard, and I am able to see that poor Lloyd-George has almost anticipated the opposition in this House. He has said exactly what I have been saying. But I did not know that Lloyd-George had said it in such beautiful and such effective language thirty years ago in the House of Commons. When introducing new taxation measures in 1909 for petrol, motor cars, tobacco and all sorts of things, he was attacked just in this manner: 'You have only a certain deficit to cross over; you have only a few millions of pounds to make up; so, why bring in this ruinous taxation which will bring in so much money more than you want?' I believe the tribe of the Opposition is the same everywhere." (Laughter.)

ABDUL HAMEED KHAN SAHIB BAHADUR:—"So also the Government."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I hope so. I hope I shall be like Lloyd-George and win the wars we have to fight. (Cheers.) The tribe, I was referring to in the Opposition benches corresponds to Mr. Lloyd-George's opposition tribe, all of the city. The city is generally against such taxation measures. Here too, it is the city that is sitting just now on the other side, either in fur caps, or white caps or brown caps. I do not see anything improper in that; because groups are represented here. It is grouped in communities. Mr. Hameed Khan leads one community, Mr. Langley leads another community and Mr. Krishnamachariar, though he belongs to a secular group, always wishes to call himself a community's representative. (Laughter.) Therefore, I hope my remarks will not be taken to have been couched in wrong language when I say: 'It is always the city's opposition.' Mr. Lloyd-George refers to this very subject-matter. It almost reads, if I may say so, like my own language. (Laughter.) Apparently, Mr. Lloyd-George commanded the same blunt language that I command. He said:

> 'The first principle on which I base my financial proposals is this. It is far better, as well as bolder, therefore, that we should frankly examine the financial outlook and make provision not merely for the ascertained needs of the year, but for the further and increased liabilities which are not merely in sight, but to which the Government and Parliament are definitely and irrevocably committed.'

"It has no reference to Prohibition but to certain other things; but if we substitute Prohibition for the social programme

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and remember the death duties and other taxes mentioned there, it applies sentence for sentence, word for word, to what I have to say now:

'Prudence seems to me to dictate such a policy, and although it may seem as if we were needlessly anticipating troubles of the morrow, still those troubles are inevitable, and it is therefore better to provide against them without delay. This is the course which would be adopted in any commercial undertaking conducted on ordinary business lines. Whenever an exceptional effort has to be made to raise money for the discharge of liabilities already incurred, stock is generally taken of all further liabilities which must necessarily be incurred in the immediate future, and the financial provision made generally covers both present and future indebtedness. That is the course I propose to follow in the financial oprations which I shall submit to the judgment of the Committee.' (Hansard, Commons, dated 29th April 1909, pages 477 and 478.)

" Here is another passage on the same matter:

'Now, what are the principles upon which I intend to proceed in getting those taxes? The first principle on which I base my financial proposals is this—that the taxation which I suggest should be imposed, while yielding in the present year not more than sufficient to meet this year's requirements, should be of such a character that it will produce enough revenue in the second year to cover the whole of our estimated liabilities for that year. And, moreover, that it will be of such an expansive character as to grow with the growing demand of the social programme which I have sketched, without involving the necessity for imposing fresh taxation in addition to what I am asking Parliament to sanction at the present time. The second principle on which I base my proposals is that the taxes should be of such a character as not to inflict any injury on that trade or commerce which constitutes the sources of our wealth.'

" Let hon. Members understand that I have not changed a single word of what I see here in print. No doubt it was not said about Prohibition, but it was something analogous to it.

'My third principle is this, that all classes of the community in this financial emergency ought to be called upon to contribute. I have never been able to accept the theory which I have seen advanced that you ought to draw a hard-and-fast line at definite incomes and say that no person under a certain figure shauld be expected to contribute a penny towards the burden of the good government of the country. In my judgment all should be called upon to bear their share. No voluntary association, religious or philanthropic or provident, has ever been run on the principle of exempting any section of its membership from subscription. They all contribute, even to the widow's mite. It is considered not merely the duty, but the privilege and of all to share in the common burden, and the sacrifice is as widely distributed as is the responsibility and the profit. At the same time, when you come to consider whether the bulk of the taxation is to be raised by direct or indirect means, I must point out at this stage—I shall have a little more to say on this subject later on—that the industrial classes, in my judgment . . .'

" By 'industrial classes' he means 'labourers;' this was in 1909; the language has changed a little bit now.

' . . . upon a close examination of their contributions to local and Imperial finance, are paying more in proportion to their incomes than those who are better off. Their proportion to local finances especially is heavier, because, although nominally the rates are not paid by them, as everyone knows, they are really. For that reason the burden at the present moment of new taxation bears much more heavily in proportion to their income on that class than it does upon the wealthier and better-to-do classes.'

" I may, Sir, submit . . ."

MR. W. K. M. LANGLEY :—" Sir, can I have just one word of explanation from the Hon Premier on one point? Am I correct in thinking that the budget speech, or the speech connected with the budget, from which he has been quoting, has to do with the principle of taxation of land values, and this land tax was so unpopular and so useless that it eventually had to be withdrawn? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" That is very interesting history, but has no relevancy to the purpose in hand. It may be. It is not correct also. It was not merely on land values; it was death duties, tax on motor cars, duty on petrol, income-tax, etc.

" In the course of the debate Mr. Lloyd-George also refers to gibes from the other side, just very similar to what we have here. (Laughter.) He also deals with one of them in a very interesting manner; but I do not want to waste the time of the House on that.
5 I don't want to lose my own jokes quoting other people's jokes.

m.

" Let me, however, point out that we have nothing to do in this Assembly with what happened to the particular taxation measures in England which Lloyd-George introduced, or to one or two of the taxation measures that he introduced excepting the tax on land values which probably because of particular local reasons was not popular or could not succeed as the other taxes. The success or the failure of these taxes is not the point. But the financial problem is whether you should introduce a taxation measure only to quench the thirst of the particular year and introduce a new taxation measure the next year, and introduce yet another new taxation measure the third year and so on, or whether you should introduce a measure which will not only produce enough for meeting the immediate liability, but will produce also enough for meeting fresh liabilities of the next year and will also be expansive enough to cover the growing liabilities that you should meet by reason of your social problem. That is the real question. That is the real point in the quotation that I have made and its application to our present position; it does not matter whether land values have been taxed or not taxed. Now, I submit, Sir. that I have a good precedent and I think it cannot be suggested that Lloyd-George was a hasty man or a bad man or an unsuccessful man. Let me not praise any man too much if there is a good precedent for the policy that I am following. Therefore, I submit that all the arguments that are advanced either in English or in Tamil with the reference to the taxation being in excess of the need of the particular year, have no real and proper reason behind them. It would be utter folly, it would be financially wrong to introduce a measure, if it were even possible, to meet only the particular amount that you want in a particular year. You can only make re-adjustments in that small manner. But a taxation measure cannot be done in that procedure or in that

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"It was said, Sir, with great vehemence by Mr. Khalif-ul-lah that this tax will affect everyone. I wonder whether it was Mr. Langley or Mr. Khalif-ul-lah; it was in the early part of the debate. It was pointed out that this taxation measure will affect everybody in this country, man, woman and child and that therefore I must take more time. May be, Sir. My Colleague has dealt with the complaint that the tax affects everyone. He has pointed out how the life of the peasant is made up; what the things are that he buys and how he will not really have to pay this pyramid tax at 6 points and 8 points and how certain other classes of people who are well off may bear such taxation. For instance, gentlemen in town go to the bazaar and buy a box of cigars or some artificial food; or suppose they want to buy something that has been imported from Sheffield or elsewhere; of course, these articles will have to pass through the importer, through the wholesale dealer, through the retail dealer and probably through another wholesale dealer and then to another retailer and so on. But if an ordinary villager goes and buys, say five measures of ragi, or a piece of cloth, or one piece of tobacco to chew, or a little jaggery in the market, he does not buy the article that has passed through 25 hands or six hands or even three hands. Therefore, it will not affect him so much.

"But at the same time, as is customary with me, let me accept the arguments of the other side. So it does affect everybody. It does affect man, woman and child. It is therefore a good tax! If a tax affects everybody, man, woman and child, it is a good tax. It won't tax one man and leave off another. Again it is a small tax and it affects everybody. Therefore, it is a good thing. But it does not affect *that* everybody who is too far behind in the social ladder. It does affect the man who makes large profits more than the man who makes a small amount of profit. It affects the man who makes heavier and costly purchases more than it affects the man who makes only a few purchases or only a few low purchases. Therefore, it is a just tax and it is a good tax. I cannot refrain from saying, Sir, that after hearing all that was said elaborately from the Opposition benches, I am more and more convinced that this is the justest tax that one could possibly conceive of. It is best adapted to this country. Every one has to pay something for what he buys; do we shed tears for that? They say that every one will have to pay this tax. But then does not every one have to pay for buying whatever he wishes to buy? Do the merchants shed any tears for that? Do they give the sugar for nothing? Do they give away so much of chillies for nothing? They make the buyer pay. All that I wish to point out in that connexion is that every such little packet goes a little bit to the service which the Government does and it must be paid for also. All trade is conducted under the protection of the Government; all buying and selling is conducted under the protection of the Government. Therefore, if a man buys 3 pies worth of articles,

let him pay a little; if he buys for 3 rupees, let him pay a little more and if he buys for 30 rupees, let him pay a little more still. Therefore, I say that this is a tax on the commonest and the most simple transaction that civilized society knows, namely, buying and selling. Let every one who buys or sells be reminded that there is a Government under whose protection he buys or sells. Therefore he should pay a little bit to the Government every time that he pays a little bit to the trader for buying something. Nothing can be a juster procedure; nothing can be a more proper procedure; nothing can be, I submit, altogether more beneficial to the State and to the people than to get connected with each other in this universal manner. To the people it is, as Mr. Lloyd-George said, a privilege and a matter for pride because every one who buys any article from a bazaar knows that he is paying something on that transaction to the Government which protects the buyer and seller, and which protects society. There is nothing, therefore, wrong in the form of this tax or in the conception of this measure.

" 'We are in a very bad way,' said, I think, Mr. Khalif-ul-lah. 'Every one is in a very bad way and the Government do not know it. They are introducing this measure under such a state of circumstances.' It is true, Sir. If every one is in a bad way, every one should bear the burden of the Government. Every one must bear the burden of the Government; it is really because every one is in a bad way that we have to do this. Let me explain again. What is it that we are doing? We are replacing the land and the excise taxes as far as we can. You have put the burden only upon those few people,—the man who looks after the raising of the food for us and the man who wants to forget his troubles with a drink of toddy. Now we have put all the burden on these two people. If every one is in a bad way, is it right that only these two sets of people should bear all the weight of Government? Therefore it is just to say that we should try to distribute it equally. In this connexion it was said by many hon. Members—and I think that they made a great point against us by pointing out—'While some gentleman said somewhere that this will bear more upon the rich than on the poor, the fact is that the consumers will have to pay and therefore the poor also will have to pay. There is a contradiction for you.' Some other Members said: 'The rural classes will be there and the urban classes also will be there; the urban and rural classes will have to buy and sell and they will also have to suffer.' All that is true. But we need not forget the proportion of things. It is not enough merely to say *A*, *B* and *C* exist. It is necessary to say how much *A* needs, how much *B* needs and how much *C* needs. This only is a just appreciation of things. Now, I want to say that this tax, to some extent, will be covered by the traders themselves, if the traders do not pocket a good profit. If it is necessary, he will be able to shift it to the consumer and the buyer might even be in the village. But it

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cannot be bad altogether. Who are the people who buy and sell mostly? The people in the towns more than the people in the villages. Who are the people who will buy more? The buyers who are better off. Therefore they will have to pay each time they buy a little more than the others. Therefore, while it is true that everybody will be affected, it is true also that it is only those who will be able to bear it that will be affected more and those who are not able to bear it will be affected less. Therefore, it is that this tax is put. I do not think, Sir, that I shall detain the House longer at this stage except to explain one important point.

"The Leader of the Opposition made a very strong case—at least tried to make a very strong case—against the Select Committee. Hon. Members should not run away with the impression that this Report was signed by me behind the back of the members of the Committee. The Report was read, it was passed and I signed on behalf of the whole of the Committee. 'The Report gives the impression of unanimity,' he said. So far so good. It ought to give the impression of unanimity if there was unanimity. The hon. the Leader of the Opposition says that it does not *give the correct impression. Here I would like to draw the* attention of the House to the last paragraph of that Report. The Leader of the Opposition made a grave complaint that under the present regulations he could not write down a minute of dissent. We have changed the rule. In the last paragraph of the Committee's Report we have given the minute of dissent as the eighth paragraph. The eighth paragraph is before the House; let hon. Members read it. It definitely says what the four gentlemen thought it necessary to say after reading the rest of the Report. The subject-matter is definite and precise. The objection is stated in clear terms and the names of the Members who object are also given there. Can there be a clearer minute of dissent than what is found there in the eighth paragraph? It is put in full form as the dissenters wanted to have it put down. That shows not only the extent of the dissent, but it shows the extent of the agreement *also. If after the consideration of* all aspects of the matter, four Members lift two points out and put it down in paragraph 8 solemnly, I argue that all the Members did not consider the rest so important as these two points. Now, if under these circumstances an appearance of unanimity is acquired by that Report, I say it has legitimately acquired that appearance of unanimity. But, I do not deny the right of the Leader of the Opposition or every other Member, as even the facts have shown, to raise any point, to raise any opposition, to press anything. But I say that I have a right all the same to demand the emphasis that I want on the fact that here are two points which they have picked out as particularly points to which they are opposed. That much at least I should have; I yield to the Leader of the Opposition to make the remarks he likes."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" It is because of the great handicap that we are placed under that we could not give a minute of dissent; we have to confine our special points only to the last paragraph. And may I say, Sir, that if we were allowed to write down a minute of dissent we would have written many more points of great importance? That is why I said that the ordinary method or reporting which had been followed for the last twenty months in various Select Committees in recording decisions, e.g., stating that 'the report was carried by a majority of 7 to 5' and so on, had not been followed in this and if these things had been mentioned it would have been quite all right."

THE HON. SRI C. RAJAGOPALACHARIAR :—" Then, Sir, it was properly and truly stated that such opposition to this Bill as there is, is not merely engineered by any particular party. I do not deny that at all. It is a good sign that people oppose measures not because they belong to one party or another party but on the merits of those measures. At the same time let me remind hon. Members that when any such opposition comes forward, parties are not slow to exploit such opposition. It was only in that connexion that some gentleman might have said that other people are exploiting this, and so on and so forth. It is natural in a political world that whenever there is any chance, parties exploit situations, exploit oppositions. But, apart from that, I grant that the opposition to this measure to the extent it exists and in the manner it was expressed, was not merely a false agitation. But let us not run away with the impression that people do not see things as they really are and that because they first objected they always object. I must claim here—even as hon. Members on the other side have claimed that they know the country and that they know that all people are against it, I have the right to claim and I claim that the merchants have seen that this is not so bad as it seemed to be. Merchants have been reasonable. The traders in all departments, I may claim, have seen that this is not, as it was first explained to them to be, a heavy thing, that this is not a bad thing and that this may be tolerated. I claim that the Opposition has seen it. I claim that the country, the business and the trade have seen the reasonableness of this measure. Therefore it is that we go on with this measure. I do not deny the fact that as soon as it was announced the merchants thought that their houses would be set on fire. But now they see that it is not so, that it is only a fire which would cook their broth and not a fire which would burn their houses."

MR. SPEAKER :—" I now put the amendment to the vote of the House. The question is—

'that the consideration of the Madras General Sales Tax Bill as amended by the Select Committee be postponed by a period of six months.'

The amendment was put and declared lost.

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A poll was demanded and the House divided thus:—

Ayes.

1 Abdul Hameed Khan Sahib Bahadur.
2 Abdur Rahiman Ali Rajah, Arakal Sultan.
3 K. Abdur Rahman Khan Sahib Bahadur
4 D Abdul Rawoof Sahib Bahadur.
5 Sri Adimoolam Jainedar.
6 Ahmed Batcha Sahib Bahadur.
7 Sri Diwan Bahadur A. Appadurai Pillai.
8 ,, H. B. Ari Gowder.
9 Khan Bahadur P. M. Attakoya Thangal Sahib Bahadur.
10 Basheer Ahmed Sayeed Sahib Bahadur.
11 Sri B Bhaktavatsalu Nayudu.
12 S. Ghouse Mohideen Sahib Bahadur
13 Mr. G. H. Hodgson.
14 H. S. Hussain Sahib Bahadur.
15 Mr. D. R. Isaac.
16 Khan Bahadur P. Khalif-ul-lah Sahib Bahadur.
17 Sri T. T. Krishnamachariar.
18 Kumararaja Muthiah Chettiyar of Chettinad.
19 Mr. W. K. M. Langley.
20 Mahboob Ali Baig Sahib Bahadur.
21 Mir Akram Ali Sahib Bahadur.
22 Dr. Muhammad Abdus Salam.
23 Khan Bahadur Mahmud Schamnad Sahib Bahadur.
24 K Muhammad Rahmatullah Sahib Bahadur.
25 Sri R. M. Palat
26 ,, Rao Bahadur M. C. Rajah.
27 Mr. D. M. Reid
28 D. Saiyed Ibrahim Sahib Bahadur.
29 Dr. M. J. Samuel.
30 S. K. Shaik Rowther Sahib Bahadur.
31 Khan Sahib K. A. Shaik Dawood Sahib Bahadur.
32 V. S. T Shaik Mansoor Tharaganar Sahib Bahadur.
33 Mr. H. S. Town.
34 Sri Grandhi Venkata Reddi.
35 Mr. G. E. Walker.
36 Zamindar of Bodinayakanur.

Noes.

1 Sri P. M. Adikesavalu Naicker.
2 Ahmad Thambi Muhammad Mohideen Maracair Sahib Bahadur.
3 Srimathi G. Ammanna Raja.
4 Sri B. Anantachar.
5 Srimathi Anjalai Ammal
6 Sri N. Annamalai Pillai.
7 ,, Muthu Kr. Ar. Kr. Arunachalam Chettiyar.
8 ,, M. Bapineedu.
9 ,, M. Bhaktavatsalam.
10 ,, Y. V. A. Bhaskara Rao Mahasayo.
11 ,, V. Bhuvarahan.
12 ,, A. Chandoo.
13 ,, K. Chandramouli.
14 ,, P. Chinnamuthu.
15 ,, T. S. Chokkalingam Pillai.
16 ,, M. P. Damodaran.
17 ,, M. Duraikannu.
18 ,, A. R. A. S. Duraiswami Nadar.
19 The Hon. Sri V. V. Giri.
20 ,, B. Gopala Reddi.
21 Sri D. Govinda Doss.
22 ,, C. K. Govindan Nayar.
23 ,, S. Guruvulu.
24 ,, K. Ishwara.
25 Mrs. Jebamony Masilamony.
26 Sri A. Jogi Nayudu.
27 ,, D. Kadirappa
28 ,, A. Kaleswara Rao.
29 ,, K. Kamaraja Nadar.
30 ,, E. Kannan.
31 ,, K. R. Karant.
32 ,, A. Karunakara Menon.
33 Mrs. Khadija Yakub Hasan.
34 Sri K. Kolandavelu Nayanar.
35 ,, K. Koti Reddi.
36 ,, S. Krishnan.
37 ,, L. Krishnaswami Bharathi.
38 ,, K. Kulasekaran.
39 ,, K. Kuppuswami Ayyar.
40 ,, V Kurmayya.
41 Srimathi A. V. Kuttimalu Amma.
42 Sri P. Lakshmanaswami.
43 Srimathi V. Lakshmi Ammal.
44 ,, K. Lakshmi Ammal.
45 Dr N. Lakshmi Devi.
46 Sri P. Madhavan.
47 ,, R. S. Manikkam.
48 ,, M. Marimuthu.
49 ,, R. Marutha.
50 The Hon. Sri V. I. Muniswami Pillai.
51 Sri K. A. Nachiyappa Goundar.
52 ,, S. Nagappa.
53 ,, N. Nagaraja Ayyangar.
54 ,, S. Nagayya.
55 ,, D L. Narasimha Raju.
56 ,, C Narasimham.
57 ,, V. V. Narasimham.
58 ,, D. Narayana Raju.
59 ,, M. G. Natesa Chettiyar.
60 ,, P. Natesa Mudaliyar.
61 ,, C. Obi Reddi.
62 ,, V. C. Palaniswami Goundar.
63 ,, V. K. Palaniswami Goundar.
64 ,, M. Pallam Raju.
65 ,, C. R. Parthasarathi Ayyangar.
66 ,, P. Pedda Padalu.
67 ,, M. P. Periyaswami.

Noes—cont.

68 Sri V. R. Perumal Chettiyar.
69 ,, *B. Perumalla Nayudu.*
70 *The Hon. Sri T. Prakasam.*
71 Sri D. S. Prasad.
72 ,, R. Raghava Menon.
73 The Hon. Sri C. Rajagopalachariar.
74 Sri R. B. Ramakrishna Raju.
75 ,, T. N. Ramakrishna Reddi.
76 ,, D. Ramalinga Reddiyar.
77 ,, *A. Ramalingam.*
78 The Hon. Sri S. Ramanathan.
79 Sri K. S. Ramaswami Goundar.
80 ,, N. G. Ramaswami Nayudu.
81 ,, A. Rami Reddi.
82 Sri N. Ranga Reddi.
83 Mrs. Rukmini Lakshmipathi.
84 Sri K. Sakti Vadivelu Goundar.
85 ,, *V. J. Samu Pillai.*
86 ,, P. R. K. Sarma.
87 ,, L. Sattanatha Karayalar.
88 ,, B. T. Seshadriachariar.
89 ,, *K. Shanmugham.*
90 ,, K. A. Shanmuga Mudaliyar.
91 ,, A. B. Shetty.
92 Sri H. Sitarama Reddi.
93 ,, *J. Sivashanmugam Pillai.*
94 ,, Kallur Subba Rao.
95 ,, Karunakaram Subba Rao.
96 The Hon. Dr. P. Subbarayan.
97 Sri P. Subbiah.
98 ,, C. P. Subbiah Mudaliyar.
99 ,, A. Subrahmanyam.
100 ,, K. V. R. Swami.
101 ,, P. Syamasundara Rao.
102 ,, K. Varadachari.
103 ,, N. S. Varadachari.
104 ,, Gopavaram Venkata Reddi.
105 ,, *C. Venkata Reddi.*
106 ,, B. Venkatachalam Pillai.
107 ,, P. T. Venkatachari.
108 ,, B. Venkatanarayana Reddi.
109 ,, R. Venkatappa Nayudu.
110 ,, K. Venkatappayya.
111 ,, P. Venkatarama Ayyar.
112 ,, Kala Venkata Rao.
113 ,, V. Venkatasubbayya.
114 ,, P. Viswanatham.
115 ,, K. P. Yagneswara Sarma.
116 The Hon. Mr. Yakub Hasan.

Ayes 36. *Noes* 116.

The amendment was lost.

MR. SPEAKER:—"I now put the original motion to the vote of the House. The question is—

'that the Madras General Sales Tax Bill as amended by the Select Committee be taken into consideration.'"

The motion was put and declared carried.

A poll was demanded and the House divided thus:

Ayes.

1 Sri P. M. Adikesavalu Naicker.
2 Ahmad Thambi Muhammad Mohideen Maracair Sahib Bahadur.
3 Srimathi G. Ammanna Raja.
4 Sri B. Anantachar.
5 Srimathi Anjalai Ammal.
6 Sri N. Annamalai Pillai.
7 ,, Muthu Kr. Ar. Kr. Arunachalam Chettiyar.
8 ,, *M. Bapineedu.*
9 ,, M. Bhaktavatsalam.
10 ,, Y. V. A. Bhaskara Rao Mahasayo.
11 ,, V. Bhuvarahan.
12 ,, A. Chandoo.
13 ,, K. Chandramouli.
14 ,, P. Chinnamuthu.
15 ,, T. S. Chokkalingam Pillai.
16 ,, M. P. Damodaran.
17 ,, M. Duraikannu.
18 ,, A. R. A. S. Duraiswami Nadar.
19 *The Hon. Sri V. V. Giri.*
20 ,, B. Gopala Reddi.
21 Sri D. Govinda Doss.
23 Sri S. Guruvulu.
24 ,, K. Ishwara.
25 Mrs. Jebamony Masilamony.
26 Sri A. Jogi Nayudu
27 ,, D. Kadirappa.
28 ,, A. Kaleswara Rao.
29 ,, K. Kamaraja Nadar.
30 ,, E. Kannan.
31 ,, K. R. Karant.
32 ,, *A. Karunakara Menon.*
33 Mrs. Khadija Yakub Hasan.
34 Sri K. Kolandavelu Nayanar.
35 ,, K. Koti Reddi.
36 ,, S. Krishnan.
37 ,, L. Krishnaswami *Bharati.*
38 ,, K. Kulasekaran.
39 ,, K. Kuppuswami Ayyar.
40 ,, V. Kurmayya.
41 *Srimathi A. V. Kuttimalu Amma.*
42 Sri P. Lakshmanaswami.
43 Srimathi V. Lakshmi Ammal.
44 ,, K. Lakshmi Ammal.
45 *Dr. N. Lakshmi Devi.*
46 Sri P. Madhavan.
47 ,, R. S. Manikkam.

Ayes—cont.

59 Sri R. Maruthai.
60 The Hon. Sri V. I. Muniswami Pillai.
61 Sri K. A. Nachiyappa Goundar.
62 ,, S. Nagappa.
63 ,, N. Nagaraja Ayyangar.
64 ,, S. Nagayya.
65 ,, D. L. Narasimha Raju.
66 ,, C. Narasimham.
67 ,, V. V. Narasimham.
68 ,, *D. Narayana Raju.*
69 ,, M. G. Natesa Chettiyar.
70 ,, P. Natesa Mudaliyar.
71 ,, C. Obi Reddi.
72 ,, V. C. Palaniswami Goundar.
73 ,, V. K. Palaniswami Goundar.
74 ,, M. Pallam Raju.
75 ,, C. R. Parthasarathi Ayyangar.
76 ,, P. Pedda Padalu.
77 ,, M. P. Periyaswami.
78 ,, V. R. Perumal Chettiyar.
79 ,, B. Perumalla Nayudu.
70 The Hon. Sri T. Prakasam.
71 Sri D. S. Prasad.
72 ,, R. Raghava Menon.
73 The Hon. Sri C. Rajagopalachariar.
74 Sri R. B. Ramakrishna Raju
75 ,, T. N Ramakrishna Reddi.
76 ,, D. Ramalinga Reddiyar.
77 ,, A. Ramalingam.
78 The Hon. Sri S. Ramanathan.
79 Sri K S. Ramaswami Goundar.
80 ,, N. G. Ramaswami Nayudu.
81 ,, A. Rami Reddi.
82 Sri N. Ranga Reddi.
83 Mrs. Rukmini Lakshmipathi.
84 Sri K. Sakti Vadivelu Goundar.
85 ,, V. J. Samu Pillai.
86 ,, P. R. K. Sarma.
87 ,, L. Sattanatha Karayalar.
88 ,, B. T. Seshadriachariar.
89 ,, K. Shanmugham.
90 ,, K. A. Shanmuga Mudaliyar.
91 ,, A. B. Shetty.
92 ,, *H. Sitarama Reddi.*
93 ,, J. Sivashanmugam Pillai.
94 ,, Kallur Subba Rao.
95 ,, Karunakaram Subba Rao.
96 The Hon. Dr. P. Subbarayan.
97 Sri P. Subbiah.
98 ,, C. P. Subbiah Mudaliyar.
99 ,, A. Subrahmanyam.
100 ,, K. V. R. Swami.
101 ,, P. Syamasundara Rao.
102 ,, K. Varadachari.
103 ,, N. S. Varadachari.
104 ,, Gopavaram Venkata Reddi.
105 ,, C. Venkata Reddi.
106 ,, B. Venkatachalam Pillai.
107 ,, P. T. Venkatachari.
108 ,, B. Venkatanarayana Reddi.
109 ,, R. Venkatappa Nayudu.
110 ,, K. Venkatappayya.
111 ,, P. Venkatarama Ayyar.
112 ,, Kala Venkata Rao.
113 ,, V. Venkatasubbayya.
114 ,, T. Viswanatham.
115 ,, K. P. Yagneswara Sarma.
116 The Hon. Mr. Yakub Hasan.

Noes.

1 Abdul Hameed Khan Sahib Bahadur.
2 Abdur Rahiman Ali Rajah. Arakal Sultan.
3 K. Abdur Rahman Khan Sahib Bahadur.
4 D. Abdul Rawoof Sahib Bahadur.
5 Sri Adimoolam Jamedar.
6 Ahmed Batcha Sahib Bahadur.
7 Sri Diwan Bahadur A. Appadurai Pillai.
8 Sri H. B. Ari Gowder.
9 Khan Bahadur P. M. Attakoya Thangal Sahib Bahadur.
10 Basheer Ahmed Sayeed Sahib Bahadur.
11 Sri B. Bhaktavatsalu Nayudu.
12 S. Ghouse Mohideen Sahib Bahadur.
13 Mr. G. H. Hodgson.
14 H. S. Hussain Sahib Bahadur.
15 Mr. D. R. Isaac.
16 Khan Bahadur P. Khalif ul-lah Sahib Bahadur.
17 Sri T. T. Krishnamachariar.
18 Kumararaja Muthiah Chettiyar of Chettinad.
19 Mr. W. K. M. Langley.
20 Mahboob Ali Baig Sahib Bahadur.
21 Mir Akram Ali Sahib Bahadur.
22 Dr. Muhammad Abdus Salam.
23 Khan Bahadur Mahmud Schamnad Sahib Bahadur.
24 K. Muhammad Rahmatullah Sahib Bahadur.
25 Sri R. M. Palat.
26 ,, Rao Bahadur M. C. Rajah.
27 Mr. D. M. Reid.
28 D. Saiyed Ibrahim Sahib Bahadur.
29 Dr. M. J. Samuel.
30 S. K. Shaik Rowther Sahib Bahadur.
31 Khan Sahib K. A. Shaik Dawood Sahib Bahadur.
32 V. S. T. Shaik Mansoor Tharaganar Sahib Bahadur.
33 Mr. H. S Town.
34 Sri Grandhi Venkata Reddi.
35 Mr. G. E. Walker.
36 Zamindar of Bodinayakanur.

Ayes 116. *Noes* 36. *Neutrals* Nil.

The motion was carried and the Bill as amended by the Select Committee was taken into consideration.

Clause 2.

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"On a point of order, Sir, I have got to raise a point of order with regard to one or two sub-clauses. If you think that I may raise the point of order when that particular sub-clause is reached, I will move it then."

MR. SPEAKER:—"The matter to which the point of order refers may be contained in a particular sub-clause and the point of order may be raised then. Is it not with reference to the whole clause that the point of order is raised?"

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"No, Sir."

MR. SPEAKER:—"I call upon Mr. Bhaktavatsalu Nayudu to move his amendment to clause 2 (*a*). I suppose Mr. Muthiah Chettiyar's point of order does not relate to that."

Clause 2 (a).

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Sir, I move—

'Add *the following at the end of the sub-clause*:—

'*not below the rank of a Subdivisional Officer.*'

Sir, under clause 2 (*a*) the 'assessing authority' has been defined to mean any person authorized by the Provincial Government to make any assessment under this Act. By this amendment I propose that that officer shall not be one below the rank of a Subdivisional Officer. It is obvious that we must try as far as possible to place the power of assessing in the hands of the highest officer possible. That will be a check against the vagaries or the misuse of the powers on the part of the officer concerned. We should see that the person who will be affected by this assessment will not be harassed or put in unfortunate situations. This is a simple amendment moved in order to see that in a measure which is a dangerous one the power to assess is not placed in the hands of an officer who is not a high authority and who is not an experienced person."

V. S. T. SHAIK MANSOOR THARAGANAR SAHIB BAHADUR:—"கனம்தங்கிய அக்கிராசனாதிபதி அவர்களே, **Hameed Khan** அவர்கள், **assess** செய்யும் அதிகாரி **Subdivisional** ஆபீஸருக்குக் கீழ்ப்பட்டவர்கள் வரி வசூல்செய்யும் உத்தியோகஸ்தராய் இருக்கக்கூடாதென்று கொண்டுவந்த திருத்தப் பிரேரணையை நான் ஆமோதிக்கிறேன். கீழ்த்தர உத்தியோகஸ்தர்களிடையே இப்பொழுது எங்குபார்த்தாலும் லஞ்சம் பெருகிக்கொண்டு வருகிறது. **Subdivisional** ஆபீஸருக்கு கீழ்ப்பட்ட உத்தியோகஸ்தர்களுக்கு இந்த வரி விதிக்கும் அதிகாரத்தைக் கொடுத்தால் அந்த அதிகாரத்தை அவர்கள் துஷ்பிரயோகம் செய்துவிடுவார்

9th May 1939]

[V. S. T. Shaik Mansoor Tharaganar Sahib Bahadur]

கலென்று அஞ்சுகிறேன். அதன்மூலம் எங் பாரத்தாலும் லஞ்சம் தாண்டவமாடி நமது சென்னை மாகாணத்துக் கெட்டபேர் ஏற்படும். பொது ஜனங்களும் அதிக துன்பமடைவார்கள். இப்பொழுது இந்த மசோதா மூலமாய் வசூலிக்கும் ஒவ்வொரு தொகையையும் மேலான உத்தியோகஸ்தர்களைக் கொண்டு வசூல் செய்யவேண்டியதுதான் நமது கடமை. மற்றக் கீழ்தர உத்தியோகஸ்தர்களை வைத்தால் மக்களை நலத்துக்கு ஹானி ஏற்படுமென்று சொல்லுகிறேன்."

* THE HON. SRI C. RAJAGOPALACHARIAR :—"I submit, 7-1 p.m. Sir, I cannot accept this amendment as it would tie down the hands of the Government altogether. Of course what the hon. Members have said will be taken into account when making the rules. But, I do not accept the proposition that everybody below the rank of a Subdivisional Officer is bad and that the Subdivisional Officers should be multiplied in number to meet the requirements with respect to assessment of this tax. I do not think it will be practicable. I therefore cannot accept the amendment."

The amendment was put and lost.

Clause 2 (b).

MR. SPEAKER :—"I now call upon Mr. Hameed Khan to move his amendment to this sub-clause."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—"I rise to a point of order with reference to the definition contained in item (*b*) of clause 2 of the Bill as amended by the Select Committee."

THE HON. SRI C. RAJAGOPALACHARIAR :—"May I point out, Sir . . .?"

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—"I am not yielding, Sir. I have not even said a word in support of my point of order and I do not think it will be fair if I am asked to yield at this stage."

THE HON. SRI C. RAJAGOPALACHARIAR :—"He may yield for a minute, Sir."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—"I will state the question first and thereafter I will submit to any interruption. I have not even said one sentence which I wanted to say."

THE HON. SRI C. RAJAGOPALACHARIAR :—"I hope the hon. Member will listen to me in the same manner."

MR. SPEAKER :—"These *outbursts* will lead to complications."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—"I can assure the Speaker that there will be no outbursts."

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MR. SPEAKER:—"If every Member stands on his right in that way, no other Member can interrupt and nothing can go on."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"I have never interrupted Members unnecessarily; nor have I ever objected to any interruption from the other side. But let me be heard now and then the hon. the Leader of the Opposition will understand why I have risen. I was going to suggest, Sir, that a point of order with reference to a clause can best be raised and disposed of when, after the amendments are finished, the clause is put to the House. It appears to me that this is the proper and scientific way of doing it; any amendment that is going to be proposed would be with reference to the clause itself and when it is put, advantage can be taken. I have no objection to the adoption of any course; but just now it is the amendment that is before us and not the original proposition. I thought that it would be proper to discuss it after the amendments are disposed of. But I leave it to the Leader of the Opposition."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Sir, it is because of that difficulty that I got up before the amendment was moved. But then you said that I might raise the point of order as soon as the sub-clause was reached. If my point of order is upheld by you, Sir, there will be no necessity for this House to consider the amendment at all. My point of order has reference to the definition of 'dealer' as we find it in the amended Bill. In the amended Bill, 'dealer' means 'any person who carries on the business of buying or selling goods in the course of trade or commerce therein, but does not include a person selling agricultural produce grown by himself or by others on his land.' Sir, in the Bill as it was introduced, the definition for 'dealer' was this: '"Dealer" means any person who carries on the business of selling goods but does not include a person selling agricultural produce grown by him.' You will find from the title of this Bill that this is a Bill to provide for the levy of a tax on the sale of goods in the Province of Madras. The Statement of Objects and Reasons also says that the Bill is intended to provide for the levy of a tax on the sale of all goods generally. I have no quarrel with the Statement of Objects and Reasons and I have no quarrel also with the title given to the Bill as originally introduced. Now, the amended Bill has gone far beyond the scope of the Bill originally introduced. In this connexion I wish to say that this Legislature is incompetent to deal with buying as envisaged in the definition adopted by the Select Committee. The Select Committee have gone far beyond taxing the act of sale. They have included in the definition of 'dealer', the act of buying

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also. Now I would draw attention to the Schedules under the Government of India Act, 1935. Item 48 of List II of the Seventh Schedule speaks of taxes on the sale of goods and *advertisements. That is all what it says.* I submit that this Legislature is therefore competent to tax only the *sale* of goods. In introducing the Bill, the Government rightly confined their attention to sales. It was in the Select Committee stage of this Bill that the Hon. the Prime Minister discovered that in certain businesses, particularly in export trade, merchants simply buy goods in the shandy, ship them and sell them abroad. There is no sale effected in this Province and therefore there is no possibility of getting this tax from such transactions. That is why he introduced the change in the definition of 'dealer'. In consequence of this amendment, appropriate changes have been made in the other clauses of the Bill and the definition of 'turnover' has also been altered. The Bill therefore now contains in its provisions 'buying' also. I submit that this Legislature is utterly incompetent to deal with buying as such as envisaged in the amendment. It is beyond the scope of this Bill and this Legislature to tax any other thing than sales and the act of 'buying' as envisaged in this definition is not within our competence to tax. I want your ruling on this matter."

Mr. SPEAKER:—"This is a tax on the sale of goods. What is meant by 'sale of goods'? Is it the hon. Member's contention that it does not mean also 'buying'?"

Kumararaja MUTHIAH CHETTIYAR of Chettinad:—"This is a thing with which I am familiar, Sir. I know exactly what is meant by 'buying' and what is meant by 'selling'. If I sell a thing to you, I sell and if I buy a thing, I buy. The Bill as introduced proposed to tax only sales and it is the Select Committee that has introduced this change so as to bring in buying also. Therefore I submit that this Bill is utterly out of order and that it is beyond the scope of this Legislature. This Legislature is incompetent to deal with this matter."

Mr. SPEAKER:—"Does the hon. Member object to the inclusion of the word 'buying' in the definition of 'dealer'?"

Kumararaja MUTHIAH CHETTIYAR of Chettinad:—"Yes, Sir. I also object to the inclusion of 'buying' side by side with 'selling' in all the clauses of the Bill wherever it is found. I therefore move this point of order in a consolidated form in order to avoid raising this point of order every time 'buying' is found to have been included in the definition of 'dealer' and also in the definition of 'turnover'. If you rule in my favour, it will amount to a direction to the Government to drop it from all the provisions of the Bill."

Mr. SPEAKER:—"Does any other Member wish to speak upon this point?"

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KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Sir, I have raised a point of order. When a point of order is raised, ordinarily, the Chair gives a ruling upon it."

MR. SPEAKER:—"In this House there have been so many points of order raised in the past and on those occasions Members have been given opportunities to explain themselves."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Therefore it is that I put in the word 'ordinarily'."

MR. SPEAKER:—"I am surprised that the hon. the Leader of the Opposition should speak in this fashion. Ordinarily opportunities are given to Members to throw light if they desired to."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I do not want to interrupt the Leader of the Opposition frequently. I wish to point out that it is erroneous on his part to state that this change was introduced only to meet the case of the merchants who bought goods and exported them. It is necessary to introduce this definition of 'dealer' in this form in order to cover, not any particular exporter or group of exporters, but the trade in certain kinds of commodities the bulk of which go for export. To that extent he is right. Now that is the only explanation with reference to any inaccuracy which I do not wish to leave uncorrected.

"With regard to the question itself, Article 48 of List II of the Seventh Schedule or other articles in that List, or in List I for the matter of that, all these refer to transactions of the parties concerned, and not merely to either of the two or three parties concerned in the transaction. Throughout we find 'taxes on trade, professions, entertainments', 'taxes on sales' and 'taxes on advertisements,' etc. It does not say 'taxes on advertisers or tax on those who lend their walls for publishing advertisements.' So, if a tax on advertisement is imposed, according to the interpretation put by the hon. the Leader of the Opposition, the Government of India Act does not give power to this Government to impose a tax on those people who lend their walls for advertisements or on those who allow space in their newspapers for advertisements. I submit this interpretation is not correct. Similarly, what I say can be applied to every one of the items mentioned in this List. These items refer only to the commodities or the transactions, and not persons at all.

"Now, coming to the word 'sales,' it is unfortunate that the English word 'sale' has not exactly the same grammatical variations or meanings, as the words 'alienation' or 'vend.' For instance, in the case of alienation, the word 'alienation' refers either to 'alienor' or 'alienee,' and in the case of vending, the word 'vend' refers either to the 'vendor' or to the

'vendee.' Unfortunately the Anglo-Saxon language provides for two different words, viz., '*selling*' and '*buying*' in respect of the same transaction. But that should not confuse our understanding. The transaction is one and indivisible. There cannot be a sale without a purchase, or a purchase without a sale. There is only one transaction. But there are two parties. It is not as if that buying and selling are two unilateral transactions. There cannot be selling or buying without two parties. I therefore submit that the definition that is provided in this Bill is quite natural and covers exactly what is intended to be covered by Article 48 of List II of Schedule VII of the Government of India Act. It does not trespass beyond Article 48, viz., 'sale of goods.' Supposing there was a tax on alienation of landed property, it cannot be argued that any tax imposed is a tax on the alienor and not on the alienee. Simply because the word 'sell' is used. we should not get ourselves confused. I would refer the hon. the Leader of the Opposition to what has been said in the recent case which covers the ground in respect of Motor Spirits Act of the Central Provinces by Justice Sulaiman who dealt with the whole subject. It was not necessary for him to deal with the whole subject, but incidentally it does come in, and I just want to read a passage from that judgment. This is what he says:—

'Sales tax may be imposed upon the total receipts . . . . retail sales, etc. Customarily the vendor rather than the vendee is liable for taxation, although both may be held to be responsible for the proper payment of tax.'

"So it is not a strange thing to look upon the transaction of selling and buying as one and indivisible, although there are two parties. It all depends upon the nature of the business and upon the nature of the transaction. Taxes can be levied on one or the other according to common law and the nature of the transaction. Whether it should be of the fixed nature or shifted from one to the other, all these things depend upon the nature of the transaction and the question of supply and demand and the nature of business, so that whoever is taxed, it will shift according to economic law.

"As regards the power given in the Government of India Act, I claim that the point of order raised is not correct. It has definitely stated that the tax is to be imposed only on the transaction, and not on any particular party. Let there be no misunderstanding about this. It is not as if the Government want to tax both the parties. That has been made perfectly clear. Only one can be made to pay. Whether one of the parties should be made to pay or both, depends upon the nature of the business, the nature of the transactions and other circumstances. I submit that only one party in respect of each transaction is going to be taxed under the provisions of the Bill as they stand. I

submit that object cannot be achieved at all by what is proposed *to be done in this particular amendment.* I submit, therefore, there is no point in this point of order."

MR. SPEAKER:—"It is contended that though the Provincial Legislature has power to levy a tax on the sale of goods, it has no power to levy it on the buyer but can levy it only on the seller.

"Item 48 of the Provincial Legislative List—List 2 of Schedule VII of the Government of India Act, 1935—is 'taxes on the sale of goods and on advertisements.' Under section 100 (3) of the Government of India Act, 'the Provincial Legislature has, and the Federal Legislature has not, power to make laws for a province or any part thereof *with respect to* any of the matters enumerated in list 2 of Schedule VII.' That is to say, this Legislature has power to legislate '*with respect to*' '*a tax on the sale of goods*' *in this Province.*

"Power to legislate '*with respect to*' a tax includes a power *to fix the rate of the tax and the mode of* levy and collection of the tax.

"'Sale' is a contract, and as in the case of every contract, there are two parties to it. In the Sale of Goods Act (Act VIII of 1930), it is expressly stated 'where under a contract of sale, the property in the goods is transferred from the seller to the buyer, the contract is called a sale.' Thus, 'sale' is a contract between a seller and a buyer, and a tax on such a contract can be levied on and collected from either party to the contract, the seller or the buyer.

"In one of the passages quoted by Justice Sulaiman in his judgment in the case of the Central Provinces Motor Spirit Taxation Act, it is stated that in respect of a Sales Tax:

'Customarily the vendor rather than the vendee, is liable for taxation, *although both may be held responsible for the proper payment of the tax.*'

"In this connexion, I may point out also that the stamp duty payable under section 29 of the Indian Stamp Act on a sale deed, is, in the absence of a contract to the contrary, borne by the purchaser.

"The items mentioned in list 2 of Schedule VII of the Government of India Act are merely the names of subjects 'with respect to' which the Provincial Legislature has power to legislate. The Government of India Act nowhere provides that the power of the local Legislature to legislate with respect to a tax on the sale of goods is limited to a power to levy it from the seller and not from the buyer. The item itself is not 'taxes on the seller of goods' but 'taxes on the sale of goods.'

"In the circumstances, it is quite clear that the provisions in this Bill which relate to the levy of the sales tax from the buyer

"Then with regard to the definition of the word 'dealer' the meaning of the word 'dealer', according to the Oxford English Dictionary, is this: 'one who deals in merchandise, a trader, specially one who sells an article in the same condition in which he bought it.' A dealer is both a buyer and a seller. Therefore a dealer buys as well as sells.

"From the ruling I have given with regard to the point of order, I think it is perfectly within the competence of the Select Committee to include in the Sales Tax Bill buying also.

"I think we may now proceed with the rest of the amendments."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I beg to move the amendment that stands in my name:—

> '*In clause 2, sub-clause (b), explanation (2) to sub-clause (b), sub-clause (j), item (i) of the explanation to sub-clause (j); clause 3, proviso No. 2; clause 8 and clause* 13, omit *the words "buy", "buying" or "bought" wherever they occur.*'

Now, Sir, I would submit that, after the ruling that has been given just now, we are not on the legal aspect of the question but upon the merits of the question itself. As was pointed out by the hon. the Leader of the Opposition, the Province consists more of ordinary people of ordinary intellect like myself than of legal intellect and very high intellect. I believe, as ordinary people understood it, that originally when the Bill was introduced it was contemplated that only the act of selling was sought to be brought within the purview of the Bill. It was only subsequently in the Select Committee stage that the word 'buying' was also included. For various reasons this act of buying was sought to be included. It is not my purpose to refer to them now. Probably one of the considerations was that the Hon. Minister must somehow find ways and means for augmenting the resources of the Province and get as much as money as possible, and so he thought that it would be advisable to get money not only from the source of selling but also from buying. But now you have been pleased to give your ruling that buying is included in the same transaction, viz., that of sale. I only wish to say that it is not proper for this Legislature to levy this tax on the person who buys, as well as on the man who sells. I know in the subsequent provisions care has been taken to see that the tax is not levied on both the seller and the buyer at every stage. At the same time such commodities as would not have come within the purview of this Bill for the purpose of taxation would not have been taxed if the words 'buy,' or 'bought' had not been introduced. Now, Sir, you have given your ruling and you have been pleased also to read the dictionary meaning of the word 'dealer.' I thought you were pleased to state that the word 'dealer' as defined in the dictionary also

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means a person who is engaged in the act of selling or buying. Ordinarily, I do not think, as it is understood by the ordinary merchant, that the common people have got that very acute power of understanding to know that the word ' dealer ' means a person who opens a shop somewhere and does not sell a single article there but stays there merely as a purchaser. In trade parlance it will not be understood that such a person is a dealer. A ' dealer ' has been defined to be a person who ' carries on the business of buying or selling goods . . .' and it is said that it will be in order if we tax a buyer also. I think, Sir, that it is a far-fetched view. A dealer as ordinarily, rightly and justly understood, will mean only a person who sells goods."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Sir, this is one of the vital amendments that is now before the House. After your ruling it has become very vital. It is for the House to consider whether they should bring export trade also within the scope of the Bill, for the question has come up prominently only with reference to export trade. Sir, all of us want better prices for the produce of our agriculturists. I can assure the House that the Chambers of Commerce and other Associations have voiced forth their feeling that a taxation measure of this kind should not cripple export trade. They have conclusively proved by documents placed before hon. Members of this House during the last two or three months that some of our important export commodities have to compete with similar commodities or substitute commodities in the world markets. I shall not take up the time of the House by enumerating them. But this Province is vitally interested in the export of groundnuts. I am authoritatively told—I am not a dealer in groundnuts—that there are several substitutes for groundnuts in the world markets. Therefore the price of groundnuts is determined by the price of the substitute products. This House should not deprive the agriculturists of the present advantage they enjoy. I can assure the House that any tax put upon this commodity cannot be passed on to the buyers. The only thing that the exporting firms would do is to reduce the prices they offer to the agriculturists from whom they buy.

"Sir, there is a strong case for the exclusion of exports from the scope of the Bill. This amendment is practically an amendment for the exclusion of export trades. I am now going into the material point involved in this amendment. It may look as if an amendment to omit the words ' buy,' ' buying,' etc., means something else. But the real meaning is that export trade should be omitted from the scope of this taxation measure. I have mentioned only one commodity—groundnuts—which is very important from the point of view of the volume of trade involved. I do not want to take up the time of the House by mentioning all the other exported commodities. I strongly support the amendment

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and I say that this is one of the important points on which the public and the merchants have been expecting the Government to be reasonable. There are about four or five points on which the public expect the Government to amend the provisions of the Bill. I submit this is one of the vital amendments. I would entreat the Hon. the Premier to give his very best consideration to this matter before he disposes of the amendment. In this connexion I would ask him to remember that in various countries where the sales tax is levied the export trade is completely exempted. Sir, in view of the fact that an enormous amount of money is going to be raised by this tax, it is absolutely unnecessary to include export trade also. I would submit that for the present we need not include export trade and we may omit it from this taxation measure. By so doing we will only be improving the position of the agriculturists. Who is here in this country who has at heart the interests of the agriculturists more than the Hon. the Premier? I quite concede that nobody can be a greater enthusiast in this matter than the Hon. the Premier. But his arguments are of a different type. He will say that he will be putting more money into the hands of the agriculturists by saving them from drink than I would be putting into their hands in the shape of increased prices for his produce. Saving them from drink is no doubt a laudable object. But to use the same stock argument that the villager will save a lot of money by being saved from drink will not appeal to him quite as much as increased prices for his raw produce. I can say, Sir, that the exporting companies and businessmen engaged in the export trade will not be able to pass on this tax to the buyers. It may be possible in some cases where we have a monopoly. Probably it will be possible in the case of jute, but we do not produce it in this Province. We do not have a monopoly with regard to groundnuts. Therefore I say that this amendment should be very seriously considered and I would ask the Hon. the Premier to decide in my favour. If he is not able to come to a definite conclusion to-day, he may take time to think over the matter and announce his decision to-morrow. This is a very vital amendment and he may think over the matter to-night. It is a very vital amendment from the point of view of the Government also, because of the revenue that is expected from this source. I do concede that the Government will have to forego some amount of money, but it will certainly make this tax a rational tax. However much the Government may say that the agriculturist is not going to be ruined, we do not believe it. We honestly believe that it will be impossible for the exporter to transfer this tax to the purchaser abroad. Therefore, Sir, I commend this amendment very strongly for the acceptance of the House. If the Government are not able to accept the amendment to-day, they may think over the matter till to-morrow and with your leave, Sir, the further consideration of the amendment may be postponed."

MR. SPEAKER:—"The question is—

'*In clause 2, sub-clause (b), explanation (2) to sub-clause (b), sub-clause (j), item (i) of the explanation to sub-clause (j); clause 3, proviso No. 2; clause 8 and clause 13, omit the words "buy," "buying" or "bought" wherever they occur.*'

*THE HON. MR. YAKUB HASAN:—"Mr. Speaker, a merchant should take a dispassionate view of the whole thing and realizing that this tax is going to be levied on him in any case and there is no escape from it, consider the various methods of taxation and see whether this tax could be made to sit on him as lightly as possible. The Government have been very considerate in fixing the rate as low as half a per cent and taxation on goods at the point of buying has also been provided for so that merchants may pay as little as possible and they may not be burdened more than necessary. This alternative of taxation on the purchase value of goods will suit merchants much better than a tax on the sale value of goods in respect of certain commodities. There is a great concession made in this provision. Everybody knows that the merchant buys at a low cost and sells at a higher cost. If a merchant is asked: 'Will you pay the tax on the value at which you have purchased your goods or on the value at which you have sold your goods, and if he is given the choice, surely he will prefer to pay the tax on the value he paid. Especially is it the case with the merchants who collect goods from many people and then sell them to others with profit. These people who sell goods to merchants are small people. Now it is open to the merchant to tell these small people, 'You are selling these goods to me and I will have to pay a tax on what I buy. So I will deduct this tax from what is due to you and pay you the balance.' But the wholesale buyer may not always do that because it would be open to these small people to say, 'We will sell our goods to somebody else who will not deduct the tax from what is due to us.' Therefore the producer or small seller stands to gain by this method and the merchant also will be paying a smaller tax on what he has purchased instead of paying a higher tax on what he has sold. It will be advantageous to merchants who buy goods and then spend some money on sorting, cleaning, packing, cart-hire, freight, etc., which is added to the value of the goods which are sold with a margin for profit. The tax these dealers will be paying, based on the purchase value of the goods, will be much smaller than what they would have paid on their own sale of the same goods. It is therefore clear that it is purely in the interests of merchants when we tax them on the basis of the value at which they purchased their goods from others and not on the value at which they sell their goods to others. The merchants of Madras, the producers and the dealers should be concerned with their own business. They should not think of exporters. The exporters are almost all Europeans in this Presidency. Why should Indian merchants think of the exporters'

interest? Why should they bother themselves with that? The exporters are selling goods to outside places and let them also pay on the goods that they purchase. We are not concerned with that *here. We only want the merchant* who buys goods from others to pay this tax on what he buys. We do not care to whom he eventually sells. I think this definition of a transaction is a concession to merchants and it should be retained as it is."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, this is not a question either of the definition of the word 'dealer' or the point of order. I am therefore appealing to the hon. the Leader of the Opposition and the Mover of the amendment to exactly see what the Bill intends to do. No doubt he said he is aware of it, but all people are not aware of it and they are *really under the mistaken impression that this* definition of a dealer is going to bring about heavy taxation—if not double, at least one and a half times. This is altogether an erroneous impression. Mr. Yakub Hasan has already explained that the first thing that should be remembered in this connexion is that the turnover immediately becomes less under the scheme of buying than it would be under the scheme of selling. It is clearly provided in clause 3 (1) that in respect of the same transaction the buyer and the seller shall not both be taxed. What is more and this is a thing to which Mr. Hameed Khan did not advert as I have pointed out already, when as a buyer he has paid the tax, he will not be taxed again when he sells. On the same transaction, when a man is taxed as a buyer he is not going to be taxed when *he sells again.* That is what Mr. Yakub Hasan has pointed out by saying that a dealer who buys and sells gains by the turnover being taken on the buying basis instead of being postponed to be taken on *the selling basis.*

" There is nothing but good in this connexion, so far as the dealer goes. But it *is quite true and I admit that those* who deserve to be taxed may possibly escape and may perhaps have to be taxed under this definition and they cannot escape. That is true also; but that is just also. That is all that I wish to point out. With regard to this matter, let nobody imagine that a man who buys will be taxed on what he buys, if he is not a dealer. It is only if he is a dealer, he will be taxed. Every man who buys is not to be taxed. Once a dealer is taxed, he is not going to be taxed when he sells the goods. The buyer again will be taxed and not the seller. There is every reason to accept the definition as proposed in the Bill and to reject the amendment.

" Sir, I forgot a duty. I must refer to the appeal made by the Leader of the Opposition to me that I should take time. I am not in unnecessary haste to reject it at once. I want to explain. This subject was thoroughly discussed in the Select Committee, and I have taken all the time from them to consider all the aspects of the matter. It is not as if the Leader of the

Opposition and Mr. Abdul Hameed Khan have sprung this point on me now. This is an old proposition and this was thoroughly thrashed out. I have taken all the time necessary. There is nothing to be gained by putting the matter off to to-morrow morning. It is due to the Leader of the Opposition that I should explain the matter."

The amendment was, by leave, withdrawn.

* SRI. B. BHAKTAVATSALU NAYUDU:—" Sir, I move the following amendment:—

> 'Insert *the following words after the word " goods " in the second line:—" in retail sale to the consumer ".'* "

MR. SPEAKER:—" This amendment does not fit in. The clause reads thus:—' dealer ' means any person who carries on the business of buying or selling goods . . . The amendment must be as follows:—' buying goods or selling goods in retail to the consumer.' The present amendment is not appropriate and it cannot be moved. It does not fit in in the clause as it is."

* SRI B. BHAKTAVATSALU NAYUDU:—" I move in an amended form—

> '*In line 2 of clause 2 (b)*, for *the words " buying or selling goods "* substitute *the words " buying goods or selling goods in retail to the consumer ".'*

" My object in moving this amendment is to make the incidence of the tax bearable, to minimize its cumulative effect. It is one of the accepted canons or principles of public finance that a tax should not be levied more than once. I know the Hon. Premier will argue that the tax is not levied more than once on the same person. But the fact is that it is the consumer that is really taxed, and when he pays, it is not the half per cent provided in the Bill but more than half a dozen times the half per cent. If my amendment is accepted, the tax will be just a half per cent and not as many times as the goods change hands. With these few words I move the amendment."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:— " Sir, I second the amendment. Of course, the acceptance of this amendment by the Hon. Premier will entirely change the frame-work of the Bill. The Bill as introduced by the Government was to tax goods at all possible stages. So, suggestions were made earlier in the discussion of the Bill that it would be preferable to have the tax only at one stage. Sir, if that principle of taxing at one stage—let alone the rate for the present—is accepted, '*what is the stage?*' is the prominent question that has to be settled. We can arrive at an agreement on that point, if one-stage tax is agreed upon. One of the two alternatives has to be chosen. Either certain commodities have to be chosen and the stage definitely settled. In the case of skins and hides the tax should be levied at tanneries or at the time of export. The

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other alternative is when the goods are consumed by the public. There are several countries where there is only the consumers' tax. There are some consumers' tax receipts which are sold in books to the merchants by the Government. In that case merchants and traders are practically bill collectors of the Government—for paying money in advance and giving receipts for moneys received. The tax is passed on to the consumer. With reference to the principle of levying the tax on the consumer which also implies that the tax is to be levied at one stage only, I would refer hon. Members of the House to the example of the Bombay Government where there are more merchants than in Madras, where the merchants are more shrewd than those in Madras, where merchants have more to do with politics than in any other part of India. I say that they have come to the decision that the least harmful tax with regard to trade and commerce will be a tax on the consumer. I refer to the recent tax they have levied on petrol for instance. With regard to cloth, the tax is $6\frac{1}{4}$ per cent on retail sale. It is evidently a tax meant to be transferred to the consumer. In that case the mill-owner and all wholesale merchants have nothing to do with the tax. The tax is added to the cost of the article. The Bombay Bill is a straightforward and simple Bill. If the provisions of the Bombay Bill were copied—let us all consent in this matter—we can make the necessary alterations and pass the Bill without much delay. The Bill before the House might be scrapped and the provisions of the Bombay Bill relating to $6\frac{1}{4}$ per cent tax on cloth, mill-made cloth, might be adopted. If that is done, I am sure there would be no objection to the Bill. We can fix the stages then. I want to know if the Government are willing to accept my suggestion. If the Government should accept the principle involved in the amendment that the tax shall be levied at one stage—that stage will be when goods are sold to the consumer —then it will be time for the Government to fix the rate of taxation. If the present rate is not sufficient, then a higher rate might be agreed to. That point could be considered more favourably by the House. I say this openly. I want this amendment should be considered favourably. At the Committee stage it was not possible to consider this point thoroughly. It was stated that the rate of taxation first mentioned would apply. If the Hon. Premier would accept this proposal, he can come forward to have a higher rate. If he will not accept this principle and if he accepts the other principle of selecting certain commodities and levying a higher rate of taxation particularly on luxuries and other such articles, then also we would be open to negotiations in the matter. This is a matter of changing the principle. I would also say in this connexion that the Hon. Premier need not reply to the point that I have raised, that if he accepted this principle, the whole frame-work of the Bill would be upset, that the time of the House will be taken up in redrafting the clauses and that it will not be possible to proceed

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with this Bill immediately. I can assure him that it will not take more than one hour to redraft the clauses. If he accepts the principle I have stated, we could see that there is not much loss of time. I would ask him not to entertain the feeling, that if he accepted my principle, he would not be able to proceed with the Bill during the present sittings. With these words I commend this amendment for the consideration of the Government."

MR. SPEAKER:—"The question is—

'In line 2 of sub-clause (*b*) of clause 2, *for* the words "buying or selling goods," *substitute* the words "buying goods or selling goods in retail to the consumer".'"

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Mr. Speaker, I am now supporting the principle involved in the amendment of my hon. Friend, Mr. Bhaktavatsalu Nayudu, although I know there will be some difficulty in carrying out the very letter of the amendment. If the Hon. Premier will accept the principle that the tax should be collected at one point, it will be sufficient for our purposes and the Government might come forward with suitable amendments. I think it is not practicable to levy the tax at one stage only, at the point where the article is sold to the consumer, because there are other transactions where the consumer does not come in. Therefore it is not possible for us to apply the principle of this amendment so far as the dealers who are selling to the consumers direct are concerned. I believe we can leave this amendment to be kindly redrafted by the Government or this point can be considered in connexion with the making of rules. If the Hon. Premier can suggest any other procedure, it can be followed. He can suitably amend the clauses if he accepts the principle of the amendment. The principle must first be accepted. I do not mind repeating over and over again that you are levying this tax for the first time; you are also following the example of other countries where such a tax is levied. From the references the Hon. Premier himself read yesterday, we find that in most places where this method of taxation is prevailing, it is restricted to one point only. The tax is not levied in a cumulative manner. The Hon. Premier will reply that there is difference in the rates of taxation adopted in various countries. In some places the tax is 6 per cent, 7 per cent, etc. He may say 'we are levying a very small tax.' As my Hon. Friend, the Minister for Public Works, stated, the tax is very very low, it is a small tax. It is no doubt true. Half a per cent, in mathematics, does appear to be very very low. When it is put into operation in a cumulative manner, it is not ½ per cent or 1 or 2 per cent; it may mount up to 8 per cent in some cases. If we visualize the effect of the cumulative tax, it will be an harassing tax. It will be a great hardship to the merchants. As we are imposing this tax for the first time, I believe that the Hon. Premier will do well to agree to the principle contained in the amendment and to levy the tax only at one point.

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" We have now agreed to the principle of taxation. We are now asking the Hon. Premier to make the tax less burdensome, less hard on the merchant. You can make an experiment and you can start levying the tax at one stage, at a suitable stage of the trade concerned. I am not saying that the tax should be imposed on the dealer only. I am not supporting the amendment to that extent. What I am saying is, I am supporting the principle of one-point tax. I hope the Hon. Premier will accept the principle of the amendment now. If he finds later on that this tax is acceptable to the merchants and if he is not able to realize more money, he can increase the tax. Then he can draw water with a big vessel. He might begin with a small vessel; the well will not dry up. I am sure, Almighty God will keep the 8 p.m. well always full, so that he may draw at any time he likes. Therefore, to start with, let him use only a small *lota* and draw the water, and then later on he can draw with big *andas*, as much as he likes. I would therefore appeal to the Hon. the Premier to use, according to his own parable, a *lota* before using an *anda*. I hope, Sir, the Hon. the Premier will accept the amendment."

* THE HON. MR. YAKUB HASAN :—" Mr. Speaker. . . "

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" May I make a submission, Sir? We are also anxious to hear the Hon. the Public Works Minister and the Hon. the Premier in regard to this matter. As two Hon. Ministers are to speak, may I request you to have their speeches to-morrow? "

MR. SPEAKER :—" I don't think they will take more than three minutes each."

THE HON. SRI C. RAJAGOPALACHARIAR :—" Not even that, Sir."

* THE HON. MR. YAKUB HASAN :—" Mr. Speaker, if we accept this amendment, Government will be the gainer and the consuming public will come down on these people, i.e., the oppositionists, and say ' you have betrayed us, the consumers '. "

ABDUL HAMEED KHAN SAHIB BAHADUR :—" A word of explanation, Sir. I see the Hon. Minister pointing to me; he may remember that I agree only with the principle and not with the amendment as a whole." (Laughter.)

MR. SPEAKER :—" The Hon. Minister may point to somebody else." (Laughter.)

* THE HON. MR. YAKUB HASAN :—" When I pointed my fingers, I did not point them against any particular Member, Sir. (Renewed laughter.)

" It has been admitted by the hon. the Leader of the Opposition that the rate, when it is to be levied only at the point of retail sale, will have to be much more than what it is. He even mentioned that somewhere it was as much as $6\frac{1}{4}$ per cent, i.e., one anna in the rupee. And the Leader of the Muslim League says, if the rate is not high

enough, 'you can come to us again and make it more; but accept the principle.' But what is the position now? We charge only a large wholesaler half of one per cent, i.e., one pie in the rupee. He passes it on to the retail shopkeeper when he sells; and even if the retailer adds 1 or 2 pies more, the tax on the consumer will be much lighter than would be the case otherwise. But if it is to be at one stage of retail sale only, then the rate will have to be half anna, or three-fourths anna or even one anna per rupee and every consumer will know what tax he is paying. If Government proposals are accepted, many consumers will escape this tax altogether. The public will not welcome the change suggested in this amendment as the burden on the consumer will be much heavier if this amendment is adopted. As it is, the provision in the Bill is much better."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The Bombay Bill was referred to by the hon. the Leader of the Opposition and I wanted to explain to him, but I am sorry, Sir, he is not here. Probably he has entirely mistaken the Bombay Bill. I hope that he won't have any disappointment when the Bill is actually passed and made into an Act. The Bombay Bill says, for instance—

> 'There shall be levied and collected a tax on the sale of any kind of *goods specified in the* Schedule, at such stage between their manufacture, *production or import*, as the case may be, and their consumption, as may *be prescribed :*'

So, everything is left there to the rules, and the only thing decided is that it is at one stage, and that it will be at a pretty stiff rate. But as to when and where it should be applied—wholesale or retail —is left entirely to the rules under the Bombay proposal. I think the mistake is due to the reading of the Statement of Objects and Reasons, which says :—

> *'The machinery for collection and the particular sales, wholesale or retail, to be taxed are proposed to be left to rules, but the Bill . . .'*

That is distinctly what the Statement of Objects and Reasons of the Bombay Bill says. But apart from that, the proposal here is—whether in Bombay it is one way or the other—that it should be only at the retail point. I submit it has been given thought from the very beginning and throughout the Select Committee stage and all through, and it is not possible to accept the proposal at this stage.

" As has been pointed out, there is both an advantage and a disadvantage, and for both the tax-payer as well as the tax-collector; and the Bill had better be left as it is, as it was originally conceived. That is why I am not able to accept this amendment."

MR. SPEAKER :—" Does Mr. Bhaktavatsalu Nayudu withdraw the amendment?"

SRI B. BHAKTAVATSALU NAYUDU :—" I am not withdrawing my amendment, Sir."

The amendment was put and lost.

The House then adjourned to meet again at 3 p.m. the next day.

APPENDIX I.

[Vide answer to starred question No. 1246 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 9th May 1939, page 493 supra.]

STATEMENT.

Name of district. (1)	Number of inam villages. (2)	Total extent. (3) ACS.
Vizagapatam (Plains)	828	420,260
Vizagapatam (Agency)	20	490,798
East Godavari (Plains)	79	93,561
East Godavari (Agency)	9	4,004
West Godavari	146	210,938
Kistna	207	231,234
Guntur	161	224,824
Kurnool	89	120,215
Bellary	89	115,654
Anantapur	134	153,479
Cuddapah	218	214,980
Nellore	286	426,822
Chingleput	293	217,848
South Arcot	66	54,998
Chittoor	498	594,067
North Arcot	52	47,865
Salem	254	111,378
Coimbatore	13	45,462
Trichinopoly	143	150,131
Tanjore	1,205	532,132
Ramnad	1,707	737,559
Madura	207	117,205
Tinnevelly	218	169,216
Malabar	..	..
South Kanara	..	..
The Nilgiris	..	..
	Total ..	5,484,630

APPENDIX II.

[Vide answer to starred question No. 1244 asked by Sri N. Ranga Reddi at the meeting of the Legislative Assembly held on the 9th May 1939 page 507 supra.]

Summary.

G.O. No. 2077, Home, dated 15th April 1939.

The existing arrangement under which Inspectors and Sub-Inspectors of Police who have been appointed as Public Prosecutors under section 492, Criminal Procedure Code, conduct the prosecution of cases on behalf of the Government in magistrates' courts is open to the objections that both the investigation and the prosecution are done by the same agency, namely, the police, and that most of the police officers who are appointed as Public Prosecutors do not possess legal qualifications. It is desirable that the prosecuting staff should be detached from and independent of the investigating staff and that the officers in charge of the prosecution of cases should have sufficient legal qualifications and experience. His Excellency the Governor of Madras therefore proposes to replace the present staff of Prosecuting Inspectors and Prosecuting Sub-Inspectors of Police by a separate cadre of prosecuting officers recruited from the bar, who will be designated "Assistant Public Prosecutors."

2. The conditions of service, etc., of Assistant Public Prosecutors will be as follows:—

(1) *Cadre.*—There will be two grades of Assistant Public Prosecutors, viz., Grades I and II. Assistant Public Prosecutors in Grade I will replace the Prosecuting Inspectors of Police and those in Grade II will replace the Prosecuting Sub-Inspectors of Police.

The cadre of Assistant Public Prosecutors will be included in the Madras General Subordinate Service.

(2) *Appointment.*—Appointments to the service may be to either grade, and will be by direct recruitment to Grade II and by direct recruitment and by promotion to Grade I.

Appointments will be made solely on the basis of efficiency in work. The posts of Assistant Public Prosecutors will, like the other classes of posts in the Madras General Subordinate Service, be excluded from the purview of the Madras Public Service Commission. The unit for the purposes of first appointment and seniority will be each district and Madras City respectively. The same will ordinarily be the unit for promotion also, but the appointing authority will, however, have the power to make promotions to Grade I, of Assistant Public Prosecutors in Grade II employed in any other district or in Madras City.

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(3) *Appointing authority.*—The appointing authority in the case both of direct recruitment and promotion from Grade II to Grade I will be the District Magistrate concerned in the mufassal and the Chief Presidency Magistrate in the Madras City. The appointing authority will make the appointments in consultation with the District Superintendent of Police o the Commissioner of Police as the case may be. The persons so appointed will be invested by the Government with the necessary powers under section 429, Criminal Procedure Code.

(4) *Qualifications.*—No person will be eligible for appointment as an Assistant Public Prosecutor unless he is a member of the bar and has had five years' active practice in criminal courts if he is to be appointed to Grade I and three years' active practice in criminal courts if he is to be appointed to Grade II.

(5) *Age limit.*—No person will be eligible for direct recruitment to Grade I if he is over 32 years of age and to Grade II if he is over 30 years of age. There will be no age limit for promotion from Grade II to Grade I.

(6) *Training.*—Assistant Public Prosecutors appointed by direct recruitment will be required, as soon as they are appointed, to undergo training for a period for six months. The authorities under whom this training should be undergone are as shown below :—

	Under whom the training should be undergone.	
	First three months.	Next three months.
Assistant Public Prosecutors in the mufassal.	District Superintendent of Police of the district concerned.	Public Prosecutor of the district concerned.
Assistant Public Prosecutors in Madras City.	Deputy Commissioner of Police, Crime Branch.	Crown Prosecutor, Madras.

(7) *Transfers.*—Except for disciplinary reasons Assistant Public Prosecutors will not ordinarily be liable to transfer from one district to another or from Madras City to the mufassal or *vice versa.* Transfers within the districts will be made by the District Magistrate concerned and within the Madras City by the Chief Presidency Magistrate. Transfers from one district to another, and from any district to the Madras City and *vice versa* will be made by the Government.

(8) *Disciplinary control.*—Assistant Public Prosecutors will be under the disciplinary control of the appointing authority. The District Superintendents of Police in the districts and the Commissioner of Police in the Madras City will bring to the notice of the appointing authority any instances which come to their notice of neglect of duty or bad work on the part of Assistant Public Prosecutors. The Government will be the appellate authority in respect of orders passed by the appointing authority.

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(9) *Pay.*—During the period of their six months' training Assistant Public Prosecutors in Grade I will draw pay at Rs. 120 per mensem and those in Grade II at Rs. 80 per mensem each. On the completion of their training, those in Grade I will draw pay on the scale of Rs. 160—15/2—250 and those in Grade II on the scale of Rs. 100—10/2—150.

3. His Excellency the Governor considers it desirable that the scheme outlined above should be tried first in a few selected districts and its working there watched before it is extended throughout the Presidency. Accordingly, the scheme will be introduced in the first instance in the five districts of Guntur, Anantapur, Trichinopoly, Malabar and Chingleput. The number of Prosecuting Inspectors and Sub-Inspectors employed in those districts and the number of Assistant Public Prosecutors of Grades I and II to be recruited for those districts who, after the completion of their training, will replace the Prosecuting Inspectors and Sub-Inspectors, are as shown below ;—

District.	Number now employed.		Number to be recruited.	
	Prosecuting Inspectors.	Prosecuting Sub-Inspectors.	Assistant Public Prosecutors, Grade I.	Assistant Public Prosecutors, Grade II.
Guntur	1	3	1	3
Anantapur	1	2	1	2
Trichinopoly	1	3	1	3
Malabar	1	4	1	4
Chingleput	1	3	1	3
Total ..	5	15	5	15

4. The District Magistrates of Guntur, Anantapur, Trichinopoly, Malabar and Chingleput are requested to take immediate action in regard to the recruitment of the Assistant Public Prosecutors required to replace the Prosecuting Police Inspectors and Sub-Inspectors in their respective districts.

5. Any of the Prosecuting Inspectors and Sub-Inspectors of Police in the Guntur, Anantapur, Trichinopoly, Malabar and Chingleput districts who are either graduates in law or have passed the Pleadership examination will be allowed the option to elect to come into the cadre of Assistant Public Prosecutors in Grades I and II respectively or to remain in the Madras Police Subordinate Service. The option once exercised will be final. The pay of Prosecuting Inspectors and Sub-Inspectors of Police who elect to come into the cadre of Assistant Public Prosecutors will be regulated in accordance with Fundamental Rule 22 (*a*) (ii).

6. With effect from the dates of completion of the training of the Assistant Public Prosecutors in the five districts mentioned in paragraph 3, the number of posts of Inspectors and Sub-Inspector

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will be reduced by a corresponding number. Two additional posts of Sub-Inspectors of Police in the Vacancy Reserve will also be abolished with effect from the date on which the introduction of the scheme in the five districts is completed.

7. The discharge of persons consequent on the reduction of staff ordered in paragraph 6 above will be regulated by the Madras Reductions in the Cadres of Service Rules issued in G.O. No. 1224, Public (Services), dated the 4th December 1934.

8. Necessary provision has been included in the Budget Estimate for 1939-40 under " 27. g. Administration of Justice—Criminal Courts—Stationary Sub-Magistrates—Bench Magistrates and other establishments—B. Pay of Establishments. "

(By order of His Excellency the Governor)

A. R. MacEwen,
Secretary to Government.

THE MADRAS LEGISLATIVE ASSEMBLY.

Wednesday, 10th May, 1939.

The House met in the Assembly Building, Chepauk, at three of the clock, Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Measures to combat the anti-Indian feeling in Ceylon.

* 1274 *Q.*—SRI L. SATTANATHA KARAYALAR: Will the Hon. the Prime Minister be pleased to state—

(*a*) what steps the Government have taken to combat the anti-Indian feeling in Ceylon; and

(*b*) what this Government have done so far to secure " Village franchise " votes to the Indians in Ceylon?

THE HON. SRI C. RAJAGOPALACHARIAR:—" (*a*) & (*b*) If in clause (*a*) of the question the hon. Member is referring to contemplated replacement of Indian employees under the Government of Ceylon, these are matters for the Government of India to take action upon. The Government of Madras are, however, in touch with the Government of India and are doing all they can to have legitimate pressure put on the Ceylon Government to do justice."

Hardships of the candidates allotted to certain departments like Veterinary, Fisheries, etc.

* 1275 *Q.*—DR. MUHAMMAD ABDUS SALAM: Will the Hon. the Prime Minister be pleased to state—

(*a*) whether Government have issued orders that candidates allotted to a particular department after 1st January 1939 should be considered as having been permanently allotted to that department;

(*b*) whether it is a fact that in some departments, e.g., Veterinary, Fisheries, etc., there are only a few clerks; and

(*c*) if the answer to clause (*b*) is in the affirmative, whether it is a fact that candidates allotted to those departments suffer a great deal for want of vacancies?

THE HON. SRI C. RAJAGOPALACHARIAR:—" (*a*) The answer is in the affirmative. The system of permanent allotment referred to applies to candidates selected for appointment to the Madras Ministerial Service in the mufassal.

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" (b) & (c) The system of permanent allotment has not been applied to those departments for which it is considered unsuitable owing to the smallness of the offices, the temporary nature of the posts and similar reasons."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—" May I know, Sir, whether permanent allotment is made of candidates who were selected by the Service Commission before 1939 also? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" I won't be able to answer it at once, but all orders take effect only from the date of the order ordinarily."

Collection of Rusums from the ryots of the Chundi Estate.

* 1276 Q.—SRI B. PERUMALLA NAYUDU: Will the Hon. the Minister for Revenue be pleased to state—

(a) whether it is a fact that Rusums, over and above the regular kist, are being collected from the ryots of the Chundi Estate, which has recently come under the management of the Court of Wards; and

(b) what steps the Government propose to take to put an end to such levy?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" (a) The answer is in the affirmative. The Court of Wards is merely continuing a practice which has long been in vogue.

" (b) The propriety of levying these 'Rusums' will come up for consideration in connexion with a number of rent suits which are pending in the Court of the Revenue Divisional Officer, Kandukur. The Government propose to await the decision of the Court."

SRI S. NAGAPPA:—" May I know, Sir, whether the Government are aware that excess revenue collections are made by village munsifs and karnams, especially when remissions are granted? "

MR. SPEAKER:—" It is far too general a question. It may be put independently as a principal question and not as a supplementary question."

SRI B. PERUMALLA NAYUDU:—" As I to understand . . ."

MR. SPEAKER:—" That is not the proper way of asking supplementary questions."

SRI B. PERUMALLA NAYUDU:—" Since he has given the answer in a certain form, I want to know . . ."

MR. SPEAKER:—" The hon. Member may frame a separate question."

MR. SPEAKER:—" That is not a supplementary question; an independent question may be put."

AN HON. MEMBER:—" My point is that water-rate is rather high even for ragi."

MR. SPEAKER:—" It does not elucidate the answer."

Particulars regarding the minor irrigation tanks repaired in Rajahmundry taluk in 1937–38.

* 1278 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) the amount spent on minor irrigation tanks in 1937–38 in Rajahmundry taluk, East Godavari; and

(*b*) the number of tanks repaired during the year?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" (*a*) Rs. 35,030.

" (*b*) 76.

The above information relates to the tanks in the charge of the Revenue Department. A report has been called for as regards tanks in the charge of the Public Works Department."

Complaints of corruption made by certain village officers at the District Village Officers' Conference held at Tiruturaipundi.

* 1279 *Q.*—SRI A. VEDARATNAM PILLAI: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether written statements made by certain village officers before the President of the District Village Officers' Conference held recently at Tiruturaipundi, Tanjore district, alleging corruption have been received by the Government;

(*b*) what action the Government have taken with regard to these statements; and

(*c*) whether the local authorities deputed by the Government to enquire into the complaints are the same against whom the village officers have complained?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" (*a*) The answer is in the affirmative.

" (*b*) They have been sent to the Collector of Tanjore for enquiry.

" (*c*) The answer is in the negative. The Collector of Tanjore has been instructed to enquire into this matter himself."

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Reasons for not bringing the graduate upper division clerks, recruited originally as Probationary Revenue Inspectors, under the new scheme for recruitment of Probationary Revenue Inspectors.

* 1280 *Q.*—Sri K. VARADACHARI: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether it is a fact that in the Revenue Ministerial Service there is in existence a set of upper division clerks—all graduates—who were recruited as Probationary Revenue Inspectors since the year 1930;

(*b*) whether it is a fact that the claims of these men have not been kept in view in the new scheme for recruitment of Probationary Revenue Inspectors sanctioned in 1937; and

(*c*) if the answer to clause (*b*) is in the affirmative, what the reasons are?

Sri T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" (*a*) There are upper division clerks in the District Revenue establishments who are graduates and who were recruited as 'Probationary Revenue Inspectors' under the old system which prevailed from 1911 to 1931.

" (*b*) The scheme for recruitment framed in 1937 applied only to the persons recruited under that scheme and made no provision for persons recruited under an earlier scheme.

" (*c*) The persons recruited under the earlier scheme were not provided for in the 1937 scheme because they were governed by the provisions of the scheme under which they were recruited."

Sri K. VARADACHARI:—" May I ask, Sir, whether the qualifications of the Probationary Revenue Inspectors recruited under the new scheme are superior to those of persons recruited since 1930? "

Sri T. VISWANATHAM:—" There is no such thing as superiority of qualifications. The new scheme has been introduced to suit the requirements of the service."

Sri K. VARADACHARI:—" May I know, Sir, why the claims of the others were excluded from the new scheme? "

Sri T. VISWANATHAM:—" I said, Sir, that the old employees were governed by the old scheme and therefore there was no provision in the new scheme in respect of them."

Remission of land revenue on dry lands in certain taluks of the Chingleput district.

* 1281 *Q.*—Sri D. RAMALINGA REDDIYAR: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether the Government have considered the desirability of remitting the land-tax on manavari and dry lands in

the Tiruvellore and Ponneri taluks of the Chingleput district where the agricultural conditions have proved to be distressing owing to the failure of the north-east monsoon; and

(b) if so, what action is proposed to be taken in the said matter?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" (a) & (b) Proposals regarding the grant of remission of the assessment on dry lands in the Ponneri taluk have been received and are under examination. Similar proposals regarding the Tiruvellore taluk are being examined by the Collector and the Board of Revenue. They have not yet reached the Government."

Reasons for the last revision of the scale of pay sanctioned for Port Officers.

* 1282 Q.—SRI T. S. CHOKKALINGAM PILLAI: Will the Hon. the Minister for Public Works be pleased to state when the last revision of the scale of pay sanctioned for Port Officers was made and what the reasons were for that revision?

THE HON. MR. YAKUB HASAN:—" The last revision of pay of Port Officers was made with effect from 1st January 1938.

" The revision was made in pursuance of the general revision of pay of all officers under the rule-making power of this Government in accordance with the announcement made by the Hon. Prime Minister in his speech introducing the Budget for 1937–38."

Schemes under the considerotion of Government for the improvement of minor ports.

* 1283. Q.—SRI T. S. CHOKKALINGAM PILLAI: Will the Hon. the Minister for Public Works be pleased to state whether the schemes for the improvements of the minor ports, under the consideration of Government, consist of construction of new buildings or of any other improvements to the ports?

THE HON. MR. YAKUB HASAN:—" The schemes recommended by the Presidency Port Officer and under consideration of the Government relate mainly to improvements to ports. There is no proposal for the construction of any new building in connexion with any port. Proposals for the purchase of a sea-going dredger for all the ports and for the construction of a wireless station at Masulipatam are also under the consideration of Government."

MR. W. K. M. LANGLEY:—" Arising out of the answer given, may I ask the Hon. Minister for Public Works whether, while last he was in Calicut, certain proposals were made to him in connexion with new buildings in the port of Calicut?"

THE HON. MR. YAKUB HASAN:—" I do not remember any proposal having been made for any new building at Calicut."

MR. W. K. M. LANGLEY:—" I naturally accept the statement; but was there not some proposal for putting up stacking grounds and sheds for cargo on the south pier?"

THE HON. MR. YAKUB HASAN:—" There was no question of new sheds. But there was a proposal to remove a particular road, but nothing about sheds."

MR. W. K. M. LANGLEY:—" Will the Hon. Minister for Public Works let us know whether he is prepared to support the proposal in connexion with the road and the general amenities at Calicut port?"

THE HON. MR. YAKUB HASAN:—" I will give it my best consideration when the proposals come before me."

SRI D. V. RAMASWAMI:—" May I ask, Sir, whether any definite proposals have not been submitted to Government for improving the depth of the port of Masulipatam and also for the resuscitation of the old pier at Masulipatam?"

MR. SPEAKER:—" I think an independent question may be put?"

THE HON. MR. YAKUB HASAN:—" The improvements to this port also are one of the items under the consideration of the Government."

Scheme for the construction of a reservoir at Pundi near Tiruvallur, Chingleput district.

* 1284 *Q.*—SRI D. RAMALINGA REDDIYAR: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) whether he inspected the site of the proposed construction of a reservoir at Pundi near Tiruvallur in the district of Chingleput across the Kusasthali river;

(*b*) whether the Government have received a report from the Chief Engineer as to the feasibility of the scheme;

(*c*) whether the Government have addressed the Corporation to share a portion of the cost of construction as the scheme is likely to relieve the City of Madras from water scarcity;

(*d*) whether the Government have finished consideration of the scheme; if so, when the work will be put in hand; and

(*e*) whether water will be allowed for irrigational purposes to certain intermediary villages in Tiruvallur taluk?

THE HON. MR. YAKUB HASAN:—" (*a*) The answer is in the affirmative.

" (*b*) *to* (*e*) A report has been received and is under the consideration of Government in consultation with the Corporation of Madras."

Earth tremors at Mettur Reservoir.

*1285 *Q.*—Sri S. C. VENKATAPPA CHETTIYAR: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) the level of water in Mettur Reservoir at present;

(*b*) the maximum level reached during 1938–39;

(*c*) whether it is true that Mettur experienced earth tremors of considerable duration during the current calendar year;

(*d*) if so, how often this occurred and in what months;

(*e*) whether the Government have investigated the cause of the phenomenon and if so, with what result; and

(*f*) whether the Government apprehend any danger to the bund by reason of such tremors?

The Hon. Mr. YAKUB HASAN:—" (*a*) The level was 718.60 on 24th April 1939.

" (*b*) The maximum level of 789.95 was reached on 26th August 1938.

" (*c*) & (*d*) There were two tremors in 1939 at Mettur; one on 8th January 1939 for about 15 seconds, and another on 17th January 1939 for about 20 seconds.

" (*e*) & (*f*) An investigation was made in 1936 and a report from the Superintendent, Geological Survey of India, was obtained. In the concluding paragraph of the report, which was published, the Superintendent stated, 'it is indeed possible that there will be minor earthquake damage at Mettur from time to time, but the engineers responsible for this great dam need not suffer from insomnia on account of the possibility of its destruction by an earthquake.' "

BASHEER AHMED SAYEED SAHIB Bahadur:—" May I ask, Sir, how the present level compares with the level last year at this time?"

The Hon. Mr. YAKUB HASAN:—" Notice, Sir."

Scheme for excavating an irrigation channel from the Mulliar.

*1286 *Q.*—Sri A. VEDARATNAM PILLAI: With reference to starred question No. 31 answered on 16th August 1938 regarding the proposal for excavating an irrigation channel from the Mulliar, will the Hon. the Minister for Public Works be pleased to state—

(*a*) whether the report called for from the Chief Engineer (Irrigation) has been received; and

(*b*) what further steps the Government propose to take to expedite the scheme?

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THE HON. MR. YAKUB HASAN :—" (a) & (b) The Chief Engineer's report has not yet been received. He has been reminded to expedite it."

Employment of the inmates of Borstal schools on manufactures.

* 1287 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state—

(*a*) the reasons for employing only 45 and 36 per cent of the inmates of the Borstal Schools at Tanjore and Palamcottah, respectively, in 1937 on manufactures; and

(*b*) what the net income under this head is in each of these schools?

THE HON. DR. P. SUBBARAYAN :—" (*a*) It is not possible to employ all the boys in manufacturing work. Besides boys engaged in learning masonry, agriculture and band music, many boys have to act as cooks, totties, sweepers, office, store-room and hospital orderlies, and do other such necessary work as arises in the institution itself. Such boys, in cases where the work that they do does not amount to vocational training in itself, are also given training in agriculture or horticulture during part of the day. Further, at any given time, a small number of boys are off-duty, being sick or convalescent, and a larger number, being new arrivals, are in quarantine.

" (*b*) The net income is as follows:—

	RS.	A.	P.
Borstal School, Tanjore	3,397	8	0
Borstal School, Palamcottah	3,496	3	0

The figures exclude the cost of maintenance of the inmates and other cost chargeable to manufactures."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" Am I to understand the Hon. Minister to say that every boy will be found work suitable to his capacity? "

THE HON. DR. P. SUBBARAYAN :—" The Hon. Member is correct in his presumption."

Chintaladevi farm and the buildings therein.

* 1288 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Law be pleased to state—

(*a*) the extent of the Chintaladevi farm;

(*b*) the cost of the buildings which are still there; and

(*c*) what is proposed to be done with this extent?

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THE HON. DR. P. SUBBARAYAN :—" (a) The extent of the farm is 761·68 acres.

" (b) The value of the buildings is Rs. 1,88,902.

" (c) The farm is being used as a Criminal Tribes Settlement."

Compulsory education for prisoners above 30 years of age.

* 1289 Q.—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Law be pleased to state—

(a) whether it is a fact that education in the jails is compulsory only for prisoners under 30 years of age, but optional to others;

(b) if so, the reason for this difference; and

(c) whether the Government will consider the desirability of making education compulsory for prisoners above 30 years of age?

THE HON. DR. P. SUBBARAYAN :—" (a) The answer is in the affirmative.

" (b) It was considered that no useful purpose will be served by attempting to impart literary education to prisoners above the age of 30 who do not wish to learn, and that it is better that the teaching staff should concentrate their attention on younger, or willing pupils.

" (c) The question will be considered."

SRI S. NAGAPPA :—" May I ask, Sir, whether education in jail includes moral instruction; if so, by whom; and if not, why not? " (Laughter).

THE HON. DR. P. SUBBARAYAN :—" I am afraid I do not follow the conundrum that has been set by the hon. Member. I am afraid . . ."

MR. SPEAKER :—" It cannot be answered in the same speed."

THE HON. DR. P. SUBBARAYAN :—" The conundrum set by the hon. Member is such that I am not capable of answering."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" May I ask, Sir, whether it is correct to say that the Hon. Minister does not believe in adult education and in reforming thereby the prisoners in jails? "

THE HON. DR. P. SUBBARAYAN :—" The hon. Gentleman is wrong in his presumption."

Denotification of the Criminal Tribes.

* 1290 *Q.*—Sri L. SATTANATHA KARAYALAR: Will the Hon. the Minister for Law be pleased to state—

(*a*) which community was notified first, under the Criminal Tribes Act;

(*b*) what the communities are that have since been notified; and

(*c*) whether the Government propose to denotify the criminal tribes?

The Hon. Dr. P. SUBBARAYAN:—"(*a*) The communities first notified under the Criminal Tribes Act were Donga Dasaris, Donga Yerakalas and Voyalpad or Nawabpetta Korachas.

"(*b*) A list [a] of the communities that have since been notified is laid on the table of the House.

"(*c*) The general question is at present under consideration."

Sri S. Nagappa rose in his seat.

Mr. SPEAKER:—"In answer to clause (*c*) the Government have stated that the general question is under the consideration of the Government. I do not see what further necessity there is for a supplementary question."

Sri S. NAGAPPA:—"Are the Government justified in classifying the whole community as a criminal tribe when there are only some criminals in that community?"

The Hon. Dr. P. SUBBARAYAN:—"The matter that the hon. Gentleman has raised is at present under the consideration of the Government."

Reasons for the abolition of the Madras Traffic Advisory Committee.

* 1291 *Q.*—Sri P. MADHAVAN: Will the Hon. the Minister for Law be pleased to state—

(*a*) whether it is a fact that the Government have abolished the Madras Traffic Advisory Committee; and

(*b*) if so, why?

The Hon. Dr. P. SUBBARAYAN:—"(*a*) The advisory Committee constituted in 1931 to which draft amendments to Motor Vehicles Rules and questions relating thereto in the Madras City were referred for opinion has been abolished.

"(*b*) The Road Traffic Board for the Madras City constituted under the Madras Motor Vehicles Rules, 1938, can now readily deal with all matters previously referred to the Advisory Committee.

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[a] Printed as Appendix I on pages 683–684 infra.

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Matters relating to the inmates of the Stuartpuram Settlement, Guntur district.

* 1292 *Q.*—SRI K. VENKATAPPAYYA: Will the Hon. the Minister for Law be pleased to state—

(*a*) the amount of grant made to the Stuartpuram Settlement, Guntur district;

(*b*) the purpose for which the grant is made;

(*c*) how the people in the settlement are engaged;

(*d*) whether any and if so what arrangements are made for the education of the adults;

(*e*) to what religious community or communities the members of the settlement belong;

(*f*) how many of them were non-Christians before they were taken into the settlement and how many have since been converted to Christianity; and

(*g*) whether there is a rule insisted upon by the Management that even non-Christian members of the settlement and non-Christian teachers should attend the daily Christian prayers and also the prayers on Sundays?

THE HON. DR. P. SUBBARAYAN:—"(*a*) A lump sum annual grant of Rs. 7,330 is given to the Salvation Army for managing the Stuartpuram Settlement. Besides this the Government meet the entire expenditure on other items not covered by the grant. The total net expenditure during 1938 was Rs. 18,423–8–7.

"(*b*) The grant is intended to cover expenditure on supervision charges.

"(*c*) About half the number of families in the settlement are engaged in agriculture. A large number of settlers are also employed by the Indian Leaf Tobacco Development Company at Chirala.

"(*d*) to (*g*) The Government have no information, but have called for it."

Distribution of the work of auditing the accounts of the institutions under the Hindu Religious Endowments Act among the recognized auditors.

* 1293 *Q.*—MIR AKRAM ALI SAHIB BAHADUR: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether the audit of the accounts of the institutions under the Hindu Religious Endowments Act is being fairly distributed among the Registered Accountants appointed under the said Act or whether they are being monopolized by a select few; and

(*b*) whether it is a fact that auditors having their offices at Madras are being preferred to mufassal auditors in respect of mufassal audits?

THE HON. DR. T. S. S. RAJAN:—"(a) & (b) Till now auditors have been appointed on the recommendation of the Hindu Religious Endowments Board for auditing the temples, from among approved auditors irrespective of the districts to which they belong. On a representation from certain auditors, the Government have under examination the question of fair distribution of work among the auditors in the approved list consistent with efficiency."

Insufficient number of beds in the Government Civil Hospital, Tellicherry.

* 1294 Q.—SRI C. K. GOVINDAN NAYAR: Will the Hon. the Minister for Public Health be pleased to state—

(a) what the sanctioned number of beds in the Tellicherry Government Civil Hospital is;

(b) how many in-patients there are in the hospital at present;

(c) whether it is a fact that several patients had to be refused admission since the commencement of 1939; if the answer is in the affirmative, the exact number of refusals;

(d) whether it is a fact that a patient who was refused admission on the 5th April 1939 died on the veranda of the Out-patient department on the same day; and

(e) whether it is a fact that the death was reported to the Police?

THE HON. DR. T. S. S. RAJAN:—" (a) The sanctioned number of beds is eighty.

" (b) Daily average of in-patients for 1939—

1939.	
January ...	129.93
February ...	128.07
March ...	110.19
April ...	128.20

" (c) No case deserving admission was refused.

" (d) & (e) A patient was found alone lying in the out-patient back veranda on 5th April 1939 night at 9–30 in a moribund condition. He was admitted in the hospital as in-patient and he died the same night at 12. He was suffering from cough. He was in an extremely emaciated condition with signs of longstanding pulmonary tuberculosis. As his whereabouts were unknown the matter was reported to the Police."

SRI S. NAGAPPA:—" Are the Government aware, Sir, that the poor are given less care than the rich in the hospitals whereas in fact the hospitals are intended for the poor?"

THE HON. DR. T. S. S. RAJAN:—" I do not think the hon. Member is correct so far as the first part of the question is concerned."

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Dr. MUHAMMAD ABDUS SALAM:—"May I know, Sir, whether any post-mortem was held on the patient who expired?"

The Hon. Dr. T. S. S. RAJAN:—"The information will be called for."

Discontinuance of night duty by nurses in the Government Hospital, Tellicherry.

* 1295 Q.—Sri C. K. GOVINDAN NAYAR: Will the Hon. the Minister for Public Health be pleased to state whether it is a fact that night duty by nurses has been discontinued in the Tellicherry Government Hospital; if so, since when and why?

The Hon. Dr. T. S. S. RAJAN:—"The practice of posting staff nurses for night duty in the Government Hospital, Tellicherry, has not been discontinued altogether. A change in the system of posting nurses for night duty was introduced, as a temporary measure, from the 19th February 1939 to 6th April 1939, as there was an increase of work in the surgical side of the hospital. At the time when this arrangement was made there were not sufficient nurses. The practice of detailing nurses exclusively for night duty has since been resumed when the additional posts of staff nurses sanctioned in G.O. No. 3946, P.H., dated 2nd November 1938, were filled up."

Death of an in-patient in the Government Hospital, Tellicherry, in March 1939.

* 1296 Q.—Sri C. K. GOVINDAN NAYAR: Will the Hon. the Minister for Public Health be pleased to state whether it is a fact that one Sri Govindan Nayar, who was admitted in the Surgical Ward in the Tellicherry Government Hospital during the first week of March 1939, got an attack of bed-sores within a week of the admission and that he died from complications arising out of it?

The Hon. Dr. T. S. S. RAJAN:—"Information has been called for."

Pipes for the work of laying the pumping mains between Mettur Reservoir and Nanganalli.

* 1297 Q.—Sri S. C. VENKATAPPA CHETTIYAR: Will the Hon. the Minister for Public Health be pleased to state—

(a) whether the work of laying the pumping mains between Mettur Reservoir and Nanganalli has commenced and if so, how far the work has progressed;

(b) what the number of pipes ordered for this purpose is and how many have so far reached the work spot;

(c) whether any of them have been rejected as unserviceable and if so, how many and by whom;

(d) whether the pipes were tested by the manufacturers before they were despatched to Salem; and

(e) whether any officer of the Madras Government supervised the testing operations?

THE HON. DR. T. S. S. RAJAN :—" The information has been called for."

Idols excavated during the construction of the railway line from Vedaranyam to Point Calimere.

* 1298 Q.—SRI A. VEDARATNAM PILLAI: Will the Hon. the Minister for Public Health be pleased to state—

(a) whether the Government have received any application from the temple trustee and the worshippers of Kulagarkoil temple to return the idols excavated in front of the temple during the construction of the railway line from Vedaranyam to Point Calimere and to place them in the temple for worship; and

(b) if so, what action the Government have taken thereon?

THE HON. DR. T. S. S. RAJAN :—" (a) A petition without date was received in October 1938.

"(b) It was forwarded to the Hindu Religious Endowments Board for disposal."

Recommendations of the Conference for the Better Utilization of Forest areas for grazing.

* 1299 Q.—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(a) what the recommendations of the Conference for the Better Utilization of Forest areas for grazing are;

(b) whether any of these recommendations were accepted by the Forest department and this Government; and

(c) if so, what these are?

THE HON. SRI V. I. MUNISWAMI PILLAI :—" The information required is given in the paper [a] placed on the table separately."

Private practice of Government Veterinary Officers in the Race Course.

* 1300 Q.—SRI D. GOVINDA DOSS: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(a) whether Veterinary Officers in Government Service are allowed to hold remunerative jobs in the Race Course; and

(b) whether they have got permission to attend the Races during office hours?

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[a] Printed as Appendix II on page 685 infra.

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THE HON. SRI V. I. MUNISWAMI PILLAI:—"(a) The officers can accept private practice without detriment to their regular duties. It is not clear what 'jobs' are referred to in the question.

"(b) Except in emergent cases where the officers may be invited to attend to animals, no one can leave his official duties without proper permission from the authorities concerned."

Removal of dead wood from reserved forests.

*1301 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(a) whether it is a fact that the Government permitted as an experimental measure removal of dead wood from reserved forests in certain localities on payment of 6 pies per head load;

(b) whether the Government are satisfied with the results of the experiment;

(c) if so, whether the Government propose to extend the concession to more centres; and

(d) if so, to what centres in 1939–40?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"(a) The answer is in the affirmative.

"(b) The experiment was successful in some localities.

"(c) & (d) The concession has already been extended to some new centres in Coimbatore, Tinnevelly, Anantapur, Cuddapah, Kurnool and Chittoor districts."

Quantity and value of bangles imported into this Province.

*1302 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) the quantities of bangles imported into this Province; and

(b) the value thereof?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—"(a) & (b) Information as regards the quantities of bangles imported into this Province is not available. The value of bangles imported into this Province during the five years, 1934–35 to 1938–39, is given below:—

Year.	Value.
	RS.
1934–35	2,87,178
1935–36	3,82,694
1936–37	3,70,855
1937–38	4,54,788
1938–39	5,70,267"

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SRI K. V. R. SWAMI :—" May I know, Sir, whether any attempt has been made to revive this industry? "

SRI B. S. MURTI :—" Yes, Sir, as soon as circumstances permit."

Employment of a mining geologist in the Industries Department.

* 1303 Q.—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) whether the Government have come to any decision in respect of employing a mining geologist in the Department of Industries; and

(b) if so, what the result is?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri :—" (a) & (b) The proposal to employ a mining geologist has been deferred for the present."

SRI K. V. R. SWAMI :—" For what reason was it deferred and for how long has it been under the consideration of the Government? "

SRI B. S. MURTI :—" For reasons of finance."

SRI K. V. R. SWAMI :—" What is the cost, Sir? "

SRI B. S. MURTI :—" Notice."

Measures for the development of basic industries.

* 1304 Q.—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) whether the Government have taken any steps for developing basic industries such as alkali, staple fibre, calcium carbide; and

(b) if so, what these steps are?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri :—" (a) & (b) The attention of the hon. Member is invited to pages 13–14 of the Administration Report of the Industries Department for 1937–38, a copy of which is available in the Library of the Madras Legislature."

Manufacture of fertilizers in the Province.

* 1305 Q.—SRI B. T. SESHADRIACHARIAR: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) whether the report which was under preparation in regard to the possibilities of manufacturing fertilizers in this Province is ready; and

(b) if so, the steps the Government propose to take to give effect to the recommendations, if any, therein?

SRI B. S. MURTI (Parliamentary Secretary) on behalf o the Hon. Sri V. V. Giri:—" (a) The examination of th scheme has been deferred for the present.

" (b) Does not arise."

Alleged victimisation of the members of the Tirupati Labour Union by the Tirumalai-Tirupati Devasthanam authorities.

* 1306 Q.—SRI P. R. K. SARMA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) whether he received at any time from the Tirupati Labour Union any complaint of victimisation of its members who are employed in the Devasthanam by the Devasthanam Commissioner, or his representative;

(b) whether there was a wholesale discharge of all the workers of the Electrical department; and

(c) whether the Government interfered in the matter and if so, how the dispute was settled?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (a) Yes.

" (b) The answer is in the negative.

" (c) On the intervention of Government, the management took back the discharged workers."

SRI P. R. K. SARMA:—" May I know whether the general Secretary of the Union was transferred to a remote place for the reason that he held that position? "

SRI B. S. MURTI:—" I do not think that the transfer was effected for the reasons alleged."

SRI P. R. K. SARMA:—" May I know, Sir, whether, in view of the important office he holds in the Union, the Government would advise the Devasthanam authorities to transfer him back to Tirupati? "

SRI B. S. MURTI:—" If the Government feel that the Secretary's services are quite essential to the Union, the Government will then consider the case."

Census of the educated unemployed.

*1307 Q.—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Industries and Labour be pleased to state—

(a) whether in his report on the census, taken in 1937, of the educated unemployed in the Province, the Director of Industries stated that it has not been successful;

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(b) what steps the Government propose to take to correct the nsus; and

(c) what further steps the Government propose to take to ckle the problem of unemployment among educated persons ccessfully?

Sri B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (a) & (b) The Director of Industries and Commerce has stated that the census was not a success from the point of view of the index it has afforded of the intensity of unemployment in the areas surveyed. But he also added that it has afforded valuable material as regards such factors as the age and qualifications of the unemployed, the duration of unemployment, etc., etc.

" (c) The matter is under the consideration of this Government."

Sri S. NAGAPPA:—" On what basis, Sir, does the Director f Industries and Commerce say that the census was not successul?"

Sri B. S. MURTI:—" After making every effort that is required."

Sri K. V. R. SWAMI:—" May I know the nature of the effort, Sir?"

Sri B. S. MURTI:—" The Government ordered the collection of information regarding educated unemployed."

Purchase of Indian-made articles of stationery for supply to the several Government offices and establishments.

* 1308 Q.—Sri P. R. K. SARMA: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(a) what the value of different varieties of stationery in stock in the Government Stationery Stores on 1st April 1938 was;

(b) what the value of stationery required for Government offices and establishments during the current year is;

(c) whether the Government have placed orders for purchasing the necessary stationery and, if so, in which market; and

(d) whether the Government have issued instructions to the authorities concerned to purchase only goods manufactured in India and, if not, whether the Government would do so immediately?

The Hon. Sri S. RAMANATHAN:—" (a) A statement [a] is placed on the table.

[a] Printed as Appendix III (1) on page 686 infra.

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"(b) Information as to the value of stationery supply to different departments of Government in 1938-39 is not available. Information has been called for.

"(c) It is presumed that the hon. Member refers to the year 1938-39. If so, a statement[a] is placed on the table.

"(d) The attention of the hon. Member is invited to the Press communiqué issued in January 1938."

Joint representation of certain Panchayat Boards in Ponnani taluk for Government grant.

* 1309 *Q.*—P. K. MOIDEEN KUTTY SAHIB BAHADUR: Will the Hon. the Minister for Local Administration be pleased to state—

(a) whether the Government have received recently any representation from the three Panchayat Boards of Attupuram, Vadakkekad, and Kadikkad in Ponnani taluk jointly for a grant; and

(b) if so, whether the Government have reached any decision on the representation?

THE HON. SRI B. GOPALA REDDI:—"(a) & (b) No application for a grant has been received from the Panchayat Boards referred to."

Reconstruction of the bridge over Srivaikuntam anicut.

* 1310 *Q.*—SRI A. R. A. S. DURAISWAMI NADAR: Will the Hon. the Minister for Local Administration be pleased to state—

(a) whether there is a proposal to dismantle and rebuild the bridge over Srivaikuntam anicut;

(b) the estimated cost of the same;

(c) the period required for the completion of the work; and

(d) in view of the huge cart and bus traffic across the bridge, whether the Government will consider the desirability of broadening the bridge as much as possible?

THE HON. SRI B. GOPALA REDDI:—"(a) The proposal is to dismantle and rebuild the decking of the bridge.

"(b) Rs. 88,000.

"(c) One year.

"(d) Provision is made for two lines of traffic."

[a] Printed as Appendix III (2) on pages 687–688 infra.

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Report of the District Board Engineer, Vizagapatam, on the state of road-culverts and other works of the Panchayat Board, Chodavaram.

* 1311 *Q.*—Sri D. V. RAMASWAMI: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) whether the District Board Engineer, Vizagapatam, inspected and enquired into the road culverts and other works of the Chodavaram Panchayat Board and submitted any report to the Government in the last week of December 1938; and

(*b*) if so, whether it was considered by the Government and if so, with what result?

The Hon. Sri B. GOPALA REDDI:—" (*a*) & (*b*) The Inspector of Municipal Councils and Local Boards has asked the District Board Engineer to inspect the works of the Chodavaram Panchayat Board. No report has been received by the Government."

Maintenance of libraries and reading rooms by Panchayats.

* 1312 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state whether the Government have cancelled the rule issued in 1936 by which Panchayats were prohibited from using their funds on the maintenance of libraries and reading rooms (*reference*—starred question No. 163 answered on 29th January 1938)?

The Hon. Sri C. J. VARKEY:—" The answer is in the affirmative."

Recognized and unrecognized educational institutions.

* 1313 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether it is a fact that the number of recognized educational institutions is going down and that of unrecognized institutions is gradually increasing; and

(*b*) whether it is the intention of the Government to leave education more and more to privately-managed institutions though they are not recognized?

The Hon. Sri C. J. VARKEY:—" (*a*) There has been a decrease in the number of both recognized and unrecognized institutions.

" (*b*) The answer is in the negative."

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UNSTARRED QUESTIONS

Facilities for the members of the Assembly not knowing English to follow the proceedings of the House during its meetings.

390 *Q.*—SRI V. V. NARASIMHAM: Will the Hon. the Prime Minister be pleased to state—

(*a*) what the number of members of the Legislative Assembly that do not understand English is; and

(*b*) what steps the Government intend to take to make these Members understand the proceedings of the meeting during the sessions and from what date?

A.—(*a*) About thirty-seven.

(*b*) The attention of the hon. Member is invited to the rulings given by the Hon. the Speaker on the 23rd, 24th and 27th March 1939 on the subject of languages of the House. The Government do not at present propose to take any further steps.

Exclusion of Kallar community from the list of scheduled classes and alleged threat of dismissal of Kallar school teachers for wearing khaddar.

391 *Q.*—SRI R. S. VENKATARAMIAH: Will the Hon. the Minister for Law be pleased to state—

(*a*) the total expenditure for the Kallar Reclamation Department in the Madura district, including North and South Range, from the starting of this Kallar Reclamation Department up to this year;

(*b*) when the Government removed the Kallar community of the Madura district from the scheduled classes;

(*c*) whether the Government received any representation from the Kallar community or reports from the Kallar District Advisory Committee of Madura district about re-including them among the scheduled classes or to treat them as a special class;

(*d*) whether it is a fact that teachers in Kallar schools under Reclamation Department in the Madura district are threatened with dismissal by the officers concerned for wearing khaddar jibbas; and

(*e*) if so, what action the Government propose to take in the matter?

A.—(*a*) The expenditure from 6th November 1921 up to February 1939 was Rs. 36,76,616-2-6 on establishment and other items and Rs. 14,56,922 on loans to Kallar Co-operative Societies. The Government have called for information as to the expenditure incurred prior to 1921.

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(*b*) The Kallars were not included among the scheduled classes at any time.

(*c*) The Government have received a copy of a resolution passed by the Kallar District Advisory Committee on the subject.

(*d*) & (*e*) The answer to clause (*d*) is in the negative, and clause (*e*) consequently does not arise.

Applications from scheduled class members for selection to the post of an upper division clerk in the Madras Secretariat Service.

392 *Q.*—SRI V. KURMAYYA: Will the Hon. the Prime Minister be pleased to state—

(*a*) whether the Madras Public Service Commission called for applications for the post of an Upper Division Clerk in the Madras Secretariat Service about nine months back and if so, from what communities;

(*b*) the number of candidates that applied for the post from the scheduled classes;

(*c*) the minimum qualification prescribed for the post;

(*d*) the qualifications of the members of the scheduled classes who applied for the above post; and

(*e*) whether any of the applications of the candidates belonging to the scheduled classes were rejected by the Madras Public Service Commission; and, if so, for what reasons?

A.—(*a*) In its notification, dated the 31st August 1938, the Madras Public Service Commission invited applications from members of the scheduled classes and from Muhammadans for three posts of Upper Division clerks in the Madras Secretariat Service.

(*b*) No candidate from the scheduled classes applied for the post.

(*c*) The minimum educational qualification prescribed for direct recruitment to the post is a first-class degree of B.A. or B.Sc., or the degree of M.A. or M.Sc., B.A. (Hons.), B.Sc. (Hons.) or a degree in Law or a first-class degree of B. Com. of the Andhra University. For the post of Upper Division Clerk in the Legal Department a degree in Law has been prescribed.

(*d*) & (*e*) Do not arise.

Orphanage grant for the St. Joseph's Boarding Home, Gunadala, Bezwada taluk.

393 *Q.*—SRI V. KURMAYYA: Will the Hon. the Minister for Education be pleased to state—

(*a*) the total number of the boarders in St. Joseph's Boarding Home, Gunadala, Bezwada taluk, Kistna district;

(*b*) the total number of the destitutes who are certified as such by officers competent to do so;

(*c*) the total number of orphans in the same Boarding House;

(*d*) the amount sanctioned by Government as orphanage grant from the Educational Funds every year for the last four years;

(*e*) whether the orphans and the destitutes reside in the Boarding House, Gunadala, in Christmas and Summer holidays; and

(*f*) if so, whether the orphanage grant has been paid to the Boarding House, Gunadala, for summer vacation also?

A.—(*a*) to (*f*) The particulars have been called for.

Alleged forgery by the manager of the Boarding House and the Elementary school, Gunadala.

394 *Q.*—SRI V. KURMAYYA: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether a clerk of the St. Joseph's Boarding House, Gunadala, reported to the District Educational Officer, Kistna, and the Divisional Inspector, Guntur division, that his signature was forged for some time by the manager of the Boarding House and the Elementary school of Gunadala, for purposes of evidence that the clerk had been receiving a monthly salary of Rs. 15; and

(*b*) whether the Government took any action so far in the matter?

A.—(*a*) & (*b*) The particulars have been called for.

Notification of the Yettugudi Devasthanam in Negapatam taluk.

395 *Q.*—SRI A. VEDARATNAM PILLAI: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether the Yettugudi Devasthanam in Negapatam taluk has been notified; and

(*b*) if so, on what grounds?

A.—(*a*) The Hindu Religious Endowments Board has started proceedings under section 65-A of the Hindu Religious Endowments Act and issued notice to the

trustees and other persons having interest to show cause why the temple and its endowments should not be notified.

(b) Notice [a] inviting objections for notification of the temple is placed on the table of the house.

Number of labour co-operative societies organized and registered in the Kurnool district and the number liquidated.

396 *Q.*—Sri S. NAGAPPA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) the number of labour co-operative societies organized and registered by the Co-operative department for the last ten years in Kurnool district; and

(*b*) how many of them were liquidated; the names of such societies that were liquidated in Kurnool district and the reasons for such liquidation?

A.—(*a*) & (*b*) The Government have no information. They have called for a report.

Items of expenditure under Harijan uplift work in the Kurnool district during 1938–39.

397 *Q.*—Sri S. NAGAPPA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) how much amount was spent in Kurnool district from the Budget provision of 11·24 lakhs provided for 1938–39 for the amelioration of Harijans; and

(*b*) what the detailed heads of expenditure were and how much was spent under each head?

A.—(*a*) & (*b*) The Government have no information but have called for a report.

Production of poverty certificates for half-fee concessions.

398 *Q.*—Sri K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether half-fee concessions to girls, Muhammadan and Oriya boys and boys of backward classes and castes are granted under an amended rule by the Government;

(*b*) whether it is a fact that production of poverty certificate is made compulsory under the amended rule; and

(*c*) whether the Government have received representations that the insistence on the production of such certificates works great hardship on pupils who really are poor but whose parents are without any influence to get such certificates?

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[a] Printed as Appendix IV on page 689 infra.

A.—(*a*) & (*b*) The half-fee concessions in question are intended for poor pupils. It has always been open to school or college authorities to require the production of poverty certificates in doubtful cases. No change has been made in the rules in this respect.

(*c*) The answer is in the negative.

Value of rail-borne trade in each of the last three years.

399 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether there is account kept for commodities going out of the Province and getting into the Province by rail; and

(*b*) if so, what their value is in each of the last three years?

A.—(*a*) A statement [a] giving a list of commodities in respect of which accounts relating to inland trade by rail are maintained, is placed on the table of the House.

(*b*) Only figures of the quantity of inland trade are available. Owing to the great disparity between prices for the same commodity in different parts of the country, it is not possible to work out any figures as regards their value with any degree of accuracy.

Payment of rent to the janmis in Malabar.

400 *Q.*—SRI E. M. SANKARAN NAMBUDRIPAD: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether the attention of the Government has been drawn to that part of the report of the Committee appointed by the Malabar District Board to go into the question of the failure of crops in Malabar where the question of rent to be paid to the janmi is raised; and

(*b*) what action the Government propose to take to see that the revenue remissions benefit the actual cultivator?

A.—(*a*) The Government have received a report purporting to have been sent by a committee appointed by the district board and they have perused it.

(*b*) The matter is under consideration.

Cancellation of gun licences in Malabar for reasons of political views of the licensees.

401 *Q.*—SRI E. M. SANKARAN NAMBUDRIPAD: Will the Hon. the Minister for Law be pleased to state—

(*a*) the number of gun licences cancelled in Malabar since the present Government came into power;

[a] Printed as Appendix V on page 690 infra.

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(*b*) whether any of these cancellations were for reasons of political views of the licensees; and

(*c*) if the answer to clause (*b*) is in the affirmative, whether the Government will consider the question of amending the rule so as to prevent cancellations for reasons of political views?

A.—(*a*) Between the 1st January 1937 and May 1938, five licences for fire arms were cancelled in Malabar under section 18 (*a*) of the Indian Arms Act. The Government have no information as to the number of licences cancelled subsequently, but the case of one licence that was cancelled in January 1939 has come to the notice of the Government.

(*b*) No licence was cancelled merely on account of the political views held by the licensee.

(*c*) The Government do not consider that an amendment of section 18 of the Indian Arms Act is called for. Government have already issued instructions regarding the point covered by (*b*) of this question.

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

II.—STATEMENT *RE* THE RIOTS IN VELLORE

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Mr. 3-3 p.m.
Speaker, questions have been asked by Mr. Ramalinga Reddiyar, Mr. Ahmed Batcha Sahib and some others about the situation in Vellore. With your permission, Sir, I shall make a statement.

" At Vellore, the Chitra Pournami procession and the Prophet's Birthday celebrations synchronized this year. Having regard to the state of feeling in Vellore, orders under the Police Act were passed on 30th April and licences were issued for the regulation of processions and elaborate Police arrangements have also been made. The Pallakku procession of the Hindus entered the main bazaar, Vellore, at about 10 p.m. on the night of 2nd instant. According to the understanding arrived at and the orders passed, the Hindus should have stopped the music within fifty yards of the Masjid in the main bazaar. This was either not done, or something was done to let people imagine that the condition was disregarded in spirit if not in letter, and this led to a delay of the processions and the crowds at the Masjid, and the situation became dangerous. The Police had to tackle it at once, and force had to be used. I do not think it desirable to go into further details at this stage. The incidents led from one thing to another to most regrettable and grave disorder. The Government will make a full enquiry in the matter.

[*Sri C. Rajagopalachariar*] [10th May 1939

" I am glad to say that the situation is now fully under control. Business has been resumed in the town since the 8th instant. There are ample forces of Police in the town and special arrangements are being made to prevent any further repercussions in the town and in the surrounding villages. The Deputy Inspector-General of Police and the District Magistrate are on the spot doing all they can to maintain peace and order and to restore things to normal conditions. The latest reports show that beyond stray acts of incendiarism in isolated places in the surrounding area, the situation has resumed normality. The casualties so far are :—

Killed—1 Hindu and 2 Mussalmans.

Wounded—56 Hindus and 26 Mussalmans.

Police officers injured—9.

Arson—10 Hindu houses or shops and 12 Mussalman houses or shops.

Alleged looting of houses or shops—27; 2 Hindus, 25 Mussalmans.

" Both officials and non-officials are co-operating and taking vigorous action to prevent any recrudescence of trouble and to restore good feeling. Any premature allegations and counter-allegations are likely to retard the progress of this good feeling.

" I received a telephonic message from the District Magistrate at about 11 o'clock this morning saying that everything is quiet in Vellore since the afternoon of the 8th instant; shops are all open, and business is transacted as usual. Police patrols are moving as far as Arni in one direction and Ambur in the other. All possible measures have been taken to prevent a recrudescence of the trouble during the fesival at Gudiyattam, which starts next week."

D. ABDUL RAWOOF SAHIB BAHADUR :—" Have the Government any information of the losses? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" The latest report shows that the damage done in terms of rupees is not much. It is Rs. 5,000 in Vellore town and Rs. 2,500 in Gudiyattam taluk."

III.—MOTION UNDER RULE 17 OF THE ASSEMBLY RULES.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I make a formal motion, Sir,—

'*that Rule 17 of the Madras Legislative Assembly Rules be suspended and the House do resolve to transact Government business to-day.*'

"It is true that this session was convened for a special purpose, but still I think a special motion is necessary."

The motion was put and carried.

IV—THE MADRAS GENERAL SALES TAX BILL, 1939—*cont.*

MR. SPEAKER:—"Discussion on the amendments to the Madras General Sales Tax Bill will now be resumed."

Clause 2 (b).

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Mr. Speaker, I beg to move—

> 'Omit *the words* "*in the course of trade or commerce therein, but does not include a person selling agricultural produce grown by himself or by others on his land.*"'

"I move, Sir, this, because on a careful consideration of the legal effects of the drafting it is seen that it would be safer to put it in the definition under 'turnover', because, otherwise a dealer who does own a little bit of agricultural produce, and sells it would cease to be a dealer, and the whole of the operation of the Act would be similarly affected. It is safer to bring it under the definition of 'turnover' than under the definition of a 'dealer.'"

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"You may explain that also here."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"The definition of 'turnover' is dealt with under sub-clause (*j*). I shall also then move that—

> 'After *the words* "*valuable consideration*" insert *the words* "*provided that the proceeds of the sale by a person of agricultural or horticultural produce grown by himself or grown on any land in which he has an interest whether as owner, usufructuary mortgagee, tenant or otherwise, shall be excluded from his turnover.*"'

"In transferring this part of the definition of 'dealer' to the definition of 'turnover', I also take advantage to insert some other words which other amendments propose with reference to tenants and so on, so that the sale of produce by tenants and usufructuary mortgagees may be definitely excluded. I will move them with reference to sub-clause (*j*) when I came to that; but, here, I mention it by way of explanation."

* MR. H. S. TOWN:—"Sir, I have to opopse this amendment, because I am not able to accept just a portion of it. I am in full agreement with the proposal to transfer the question of

agricultural produce to the definition of 'turnover'; but I do not like the proposal to leave out the words 'in the course of trade or commerce therein.' If we turn to the definition of 'sale' we find that the words 'in the course of trade or commerce' are there. But they are not in the definition of 'turnover.' Now, whatever else this Bill may be, this Bill taxes turnover and not sale. I repeat, it taxes turnover. My point is this: if we leave out these words 'in the course of trade or commerce therein,' it will be possible to tax any one who buys anything. It will become a tax on the buyer. The buyer should not be treated as a 'dealer', if he buys, not for the purpose of trade, but merely for the purpose of capital expenditure. I do not think it is the Government's intention to tax him: and I therefore have to oppose this amendment. But if the Government withdraw their motion with regard to the former part, I shall support the motion."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"If I understand Mr. Town aright, he wants to retain in the effective part of the definition, here or elsewhere, the words 'in the course of trade or commerce therein'."

* Mr. H.S. TOWN:—"Yes, Sir."

* THE HON. SRI C. RAJAGOPALACHARAR:—"I moved that these words be omitted for the simple reason that in the first place it is mere tautology, and in the second place it may create confusion where there is none at present. The words 'carrying on the business of buying or selling goods' are quite ample to cover what is intended, and those words are clear enough to denote that simple acts of making a casual sale or purchase for a particular purpose are exempt. It is because we are advised by others that the other words here are quite sufficient to convey the correct meaning and that these words are unnecessary, that I move for the deletion of these words. It is not intended to bring in the casual purchaser under the terms 'carries on the business,' etc. Those words are clear enough."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Sir, if I remember aright, the words 'in the course of trade or commerce therein' were put in, in the Select Committee stage. I do not see from this copy definitely whether it is so or not. For the first time the Legislative Assembly office has circulated a Bill as amended by the Select Committee in such a manner that one is unable to find out whether there are any additions or alterations made in the Bill. Generally, a copy of a Bill as passed by the Select Committee will show in clarendon type and also in ellipsis what additions and omissions have been made in the Select Committee. Probably this change in the usual procedure is due to the great hurry to pass this measure."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Are you raising a point of order?"

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KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"The usual practice is to put the Select Committee's changes in a different type. If I am wrong, I shall be glad to be corrected. At this stage I do not raise any point of order. I only say, it will be convenient for members if the Select Committee's changes are put in a different type. Now, Sir, I think the point made by Mr. Town has not been answered by the Hon. the Premier. Sir, the point raised by Mr. Town is that, when a person buys for his own use, say machinery, then the dealer will not come under the tax. That is the point, Sir, and it may be said that when a business firm does this sort of business for its own use and incurs a capital expenditure on machinery and if the Government are not able to get at the seller, they may go and try to tax the buyer of the machinery. Therefore, I think it is right to say that, unless any article is bought with the purpose of selling, it should not be taxed and I do not think it is the intention of this enactment. Therefore, Sir, I would ask the Hon. Premier to consider this aspect. The object with which these words were included in the Select Committee was only to prevent such things. It should be made clear that only persons trading in goods should be taxed. I think it should be made clear in this part of the definition itself."

* MR. G. E. WALKER:—"Sir, there is one point on the omission of the first few words which I should attempt to emphasise. If a person carries on business in selling goods he becomes a dealer under this definition. Therefore any casual purchase which he may make, as he is a dealer, might be sought to be taxed. I do not think this is the intention of the Bill and it may not be the intention of the Government. On the other hand, Sir, once this Bill has passed out of the hands of this House it is not possible for the Government to have direct control over every administrative act that is done under this Bill. My fear is that if a person, who by carrying on the business of selling of goods becomes a dealer within this definition, purchases, let us say, as my hon. Friend the Leader of the Opposition has suggested, 'machinery' from abroad, where we are unable to tax the seller, he may be taxed on the *purchase*, under the terms of the definition, whatever the Government's intention may be. If the Hon. the Premier lets the words remain there, it would cover the point, because the dealer would not be buying that machinery 'for the purpose of trade or commerce therein.' I am not sure if the Hon. the Premier recollects it, but my own recollection of these safeguarding words is that they were put in—and I confirm the hon. the Leader of the Opposition on this point—by the Select Committee at the instance of the Hon. Prime Minister. I think, these words, being safeguards, may well be allowed to remain, because they do not in any way create a redundancy, and are definitely covering awkward cases such as the one which I suggested and which cannot be met in any other way."

SRI G. KRISHNA RAO:—" On a point of information, Sir. May I ask if the words that are objected to be retained in this Bill, namely ' for the purpose of trade or commerce therein ' are in amplification of the process of buying and selling by a dealer? "

* THE HON. SRI C. RAJAGOPALACHARIAR:—" There is no dispute as to facts here. It is quite true that it was I who thought of this phrase in order to exclude the particular transactions that have been referred to just now. But on further consideration and in consultation with legal brains, I have seen the point, viz.,—that is which I press on the hon. Members again and I want their close attention to this. It is a legal point—Any definition of the transaction in the definition of the word ' dealer ' will not save the situation. The fact that the ' dealer ' is defined in a particular manner will not save any particular transaction in the *turnover from taxation*. Therefore there is nothing gained by putting in these words in the definition of ' dealer.' Therefore the right definition should be in the right place. Since the *Opposition are agreed as to what is wanted in reference to the* ' turnover ' also, let it not be maintained that whenever any particular transaction of sale is not taxed that we will run after the buyer *in the transactions referred to*; the man who sells the material will be the seller and it is he that will be taxed. The real point is in the definition of ' sale ', whether this really can be an aggregate of sale. That is the point to which hon. Members should turn their attention. You will find in the definition of ' sale ' this is clearly put in. Therefore, there is ample guarantee in the proper place. There is no object in retaining it in the ' dealer ' or reproducing it in the ' turnover.' But it may be asked, ' What is the harm? Since you thought of it and let it be put there, let it remain there.' There is harm; because we put in the words ' in the course of trade and commerce therein,' there is just the doubt that in the course of trade or commerce a man may purchase his machinery and yet does not deal in that machinery. Therefore it is only to ensure the guarantee in the working and to avoid any ambiguity that I want to keep it in the definition of ' sale ' and not in other definitions."

The amendment was put and carried.

* MR. G. H. HODGSON:—" May I have your permission to carry forward the amendment standing in my name and move it under clause 2 (*j*)? "

MR. SPEAKER:—" We shall see later on. But this amendment does not arise now."

* MR. G. H. HODGSON:—" May I *move the second half of* my amendment? "

MR. SPEAKER:—" It does not fit in."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" It is an expansion of the definition of ' agricultural produce '? "

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MR. SPEAKER:—" It has nothing to do with the clause that we have omitted. It is an addition. It may be moved."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I think if he moves it under the definition of 'turnover' it would be better."

MR. SPEAKER:—" Of course, if he wants to move it here also, he may move it. But it will be better if it is moved under 'turnover.'"

* MR. G. H. HODGSON:—" I will move it under 'turnover', Sir."

Explanation (1) to clause 2 (b).

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" Sir, I beg to move that—

'*In line 1, omit the words " A co-operative society.*" '

" Sir, before I speak on this motion, I like to point out to the Government that this is a very important amendment that I am placing before them for their acceptance.

" Sir, when I speak on this amendment, I am not speaking as a Member speaking from the Opposition, but I am speaking as one who is interested in the Co-operative Movement. The Government, I am afraid, are doing a great disservice to the movement by including the co-operative societies in the definition of 'dealer.' It is not for me to point out the various handicaps under which the co-operative societies are suffering at present and the support and help that have been rendered by the Government from time to time to these co-operative societies. But in spite of all this, it cannot be said that the movement has been a complete success.

" My ground of attack on the attitude adopted by the Government with regard to the co-operative societies is three-fold. Firstly, I feel, Sir, that the co-operative society in the proper sense of the word cannot be treated as a 'dealer' at all. A co-operative society is not a business concern. Much less is it a profit-making concern. A co-operative society is a society that is intended to promote the economic interests of its members, and by no stretch of imagination can it be said that a co-operative society is a pure business concern. Sir, the activities of co-operative societies are entirely confined to their members and they do not go to the open markets. If the co-operative societies are brought within the scope of this Bill, the result will be that a commodity purchased by a society and sold to its members will be taxed twice, firstly when it is purchased and secondly when it is sold; so that whereas a member buying directly from the market pays the tax only once, he pays a double tax when purchasing from a co-operative society. In other words, if he purchases his provisions in the open market direct, he will pay the tax only once; whereas when he buys his provisions from the co-operative society, he is made to pay a double tax.

[K. Abdur Rahman Khan Sahib Bahadur] [10th May 1939

" Secondly, I want to point out to the Hon. Premier that it is *wrong in principle* to tax the co-operative society. We find, Sir, that the Hon. the Premier has been kind enough to exempt the turnover of the agriculturist from taxation and we also see that the agriculturist has been shown various other privileges in the *Agriculturists Relief Act and other enactments.* Once we accept the principle that the agriculturist should receive our consideration, it is unfair, Sir, that this consideration should be denied to him when he becomes a member of a co-operative society. If privileges are to be given to him as an agriculturist, the same privilege should not be denied to him if he becomes a member of a co-operative society.

m. " Thirdly, I am afraid the tax would prove a great burden on many a co-operative society existing in our Province. With your permission, Sir, I will just refer the Government to the Report published by the Co-operative department and point out how some *of the societies are in a very bad condition. If this tax is applied* to them they will disappear much more quickly. At page 37 in the Annual Report on the working of the Madras Co-operative Societies Act of 1932, for the year 1937–38, it is mentioned under Loan and Sale Societies that there were 118 societies at the end of the year. All these societies ' sold produce to the value of Rs. 24·72 lakhs. Fifty-seven out of 118 societies worked at a net profit of Rs. 47,267 while the loss in other societies was only Rs. 9,875.' The number of societies that suffered the loss is 61, while the number of societies that earned any profit was 57.

" Then again, during 1937–38, thirteen sale societies were sanctioned Government loans amounting to Rs. 1,32,276 and a free *grant of Rs. 43,144 for the construction of godowns.* This shows that the Government have been giving support to them from time to time.

" Passing on to marketing societies, ' the main function of loan and sale societies,' according to the report, ' is marketing the produce of members but the societies have not yet developed this business to any large extent,' and the tax is now to be borne by them. ' During the year the value of sales effected through these *societies* was *only* Rs. 24·72 lakhs while goods of the value of Rs. 32·76 lakhs were released without sale.' Sir, with a view to help sale societies to market their goods, the Madras Provincial Marketing Society was started in 1936. The value of the goods marketed and the net profit earned by the Society were Rs. 93,224 and Rs. 2,317."

MR. SPEAKER :—" All these details are unnecessary."

* K. ABDUR RAHMAN KHAN SAHIB BAHADUR :—" I am just explaining, Sir, that the societies are not in a condition to bear this tax. ' Fruits and vegetables *including potatoes* were the chief articles sold.' Am I to understand from the Government that it is their intention to tax societies which deal in fruits and

vegetables, which are necessities of life? It would be hard if societies dealing in these commodities are to be taxed. I may also point out that this society, i.e., the Provincial Marketing Society is, according to the report, already suffering great handicaps. One factor which stands in the way of the greater progress of the society, 'is the irregular supply of commodities of uncertain quantity and quality by the mufassal societies.' The result is that the Provincial Society is not in a position to guarantee the regular supply of articles to the consumers. I am afraid by passing this legislation and bringing the society within the definition of the term 'dealer,' we will be making its position worse.

"The case of the milk supply unions is most unfortunate. There are four milk supply unions in the province, at Madras, Coimbatore, Madura and Nellore. I need not go into the details though I have the figures before me because the time at my disposal is very short. Most of these unions have been running at a loss. With regard to the milk supply societies—you will permit me, Sir, to refer to the report and give the figures—'eighteen societies in Chingleput with a total membership of 607 and a share capital of Rs. 3,253, supplied milk to the Madras Milk Supply Union of the value of Rs. 41,724. Four societies earned a profit of Rs. 53 and the rest incurred a net loss of Rs. 333.'

"Sir, 'the Mental Hospital Milk Supply Society in Madras with a membership of 180 and a share capital of Rs. 1,165 earned a net profit of Rs. 18.' The five societies in Coimbatore worked at a total net loss of Rs. 527. The report adds, 'these primary milk supply societies do not aim at earning large profits. Their object is to help the members by way of securing them good prices for their milk and by giving them the advantages of correct measures.' This is the position so far as co-operative societies are concerned and if we are going to deal with these co-operative societies in the manner suggested in the Bill, we will inflict a great harm and injury to the co-operative movement. I hope that the Minister for Industries would have represented all these things to the Hon. the Premier and I do not know why in spite of all these representations the co-operative societies have been brought within the scope of this Bill. May I suggest to the Hon. the Premier this? We have the Committee on Co-operation sitting at Madras from day to day. Let the Government refer to the Committee the question whether the application of the tax to the co-operative societies would or would not prove injurious to their progress."

MR. SPEAKER:—"What is the meaning of Government referring the question to the Committee? The House will have to pass it."

*K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—"I suggest to the Hon. the Premier to accept my amendment now and refer the matter to the committee on co-operation."

MR. SPEAKER:—"How can he do it?"

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* K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" It is therefore, Sir, that I am requesting the Premier to accept my amendment and in the meanwhile to refer the matter to the Committee and find out its opinion; and if the Committee gives its opinion in favour of bringing the co-operative societies within the scope of this Bill, then he can bring in another amending Bill for this purpose. I have given my suggestion and I hope the Hon. the Premier will find his way to accept it. Let him not be reluctant to accept this amendment because it comes from a young member like me. (Laughter.) The other day there was a reference to that effect. But may I respectfully submit that I have thought over this point for a considerable time and I feel, Sir, that the co-operative society does deserve the help that I am pleading for."

The amendment was seconded by V. S. T. Shaik Mansoor Tharanagar Sahib Bahadur.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I have to defend myself, Sir. It is quite true that this has been pressed from the very outset not only by individual members but even by departments and by Ministers. I admit all that. But I still oppose this amendment, because this is not the way to help co-operative societies at all. (An hon. Member: Hear, hear.) It is not by giving a number of small concessions in registration or in this or in that, for instance, exempting them from the tax, from railway fare, exempting them from house rent, it is not by all these things that we can demonstrate to the public that co-operation is good. We have to demonstrate to the public that co-operative organizations are good, that they are to be on the same level with individual and separatist trade and business. If we give these minor concessions, we will only be disproving the case for co-operative societies and the small tax should therefore be borne by co-operative societies and yet co-operation should be proved to be a success and a good thing. It is only on this ground, Sir, that I say, 'Let us treat all people alike including co-operative societies to which the Government give aid in many other ways, by giving an officer for auditing, by giving an officer for supervision and so on, which we do not give to the ordinary dealer.' Therefore, I do not accept this amendment."

The amendment was put and lost.

SRI B. BHAKTAVATSALU NAYUDU:—" I beg to move that—

> '*In line 2 between the words " goods " and " to " insert the words " accompanied by actual delivery ".*'

" My point is there are many corporate bodies which act as agents or intermediaries and which buy and sell goods only in a nominal sense. Being mere agents, they do not make much profit —more often than not they make just a half per cent or so; they have not invested capital, and hence rest content with a nominal

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profit. When they buy they do not take delivery, and when they sell they do not give delivery. All the same they play, with their unique knowledge and experience in the line, a very useful, a very vital and a very necessary part; their services being invaluable—their co-operation is sought as much by those who buy as those who sell—to impose on them a turnover tax of a half per cent is to deprive them of all their profits, if not also inflict on them actual loss, to throw them out of the field of commerce and to snap a vital link in the mechanism of business. The real meaning of 'sale' includes actual delivery of the goods. Hence the amendment I have moved. The amendment, if accepted, would save the useful middlemen from extinction as well as mitigate the cumulative effect of the proposed tax. So, I hope the Hon. the Premier will accept this amendment."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I second it."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"If I have understood the motion aright, it is to exclude all the bigger business from the Sales Tax and I cannot accept it, Sir."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I have not understood the explanation of the Hon. the Prime Minister. Will he explain it still further, Sir?"

* THE HON. SRI C. RAJAGOPALACHARIAR:—"If I have understood the motion of Mr. Bhaktavatsalu Nayudu aright, it would exclude all the really bigger businesses from the operation of this tax. Therefore I do not accept this amendment."

The amendment was put and lost.

Explanation (2) to clause 2 (b).

* MR. G. H. HODGSON:—"Sir, I beg to move—

Omit '*Explanation (2) to clause 2 (b).*'

"Sir, we are not told what the exact intention of this explanation is. There are two methods by which an absentee principal may sell his goods in this Province: one is by the appointment of commission agents by whom a certain amount of money is spent in this country. The other method is to sell their goods by travelling salesmen who work round the Province collecting indents. It seems to me that this explanation is going to penalise the agent who is of some use in the Province and will let off the travelling salesman.

"Then, further, Sir, the agent of a non-resident principal is to be deemed to be a dealer. I think the Hon. the Premier said just now that making him a dealer does not make him the seller; and if a dealer is not in fact a seller, then, this explanation seems to be altogether redundant and on these grounds I move this amendment."

The amendment was seconded by Mr. G. E. Walker.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" This explanation has been put in, Sir, in order to have some person legally responsible for transactions that take place within the Province. If any transaction takes place within the Province which is taxable according to this Bill and the rules when they become law, then we must know to whom notices have to be served and on whom demands should be made and so on. This definition of 'dealer' brings in the agent as the person responsible if the principal is outside our legal jurisdiction. It is only for that purpose that this explanation is here. As to what amounts to a sale which is taxable, that will depend upon the turnover and upon the definition of the sale. So far as a person has to be shown responsible, the definition 'dealer' including agents in this clause for the absent principals is absolutely necessary for any measure which has to be executed. It is for that reason this has been put in here by the Select Committee. I submit, Sir, that it is necessary and it is not intended to expand or contract the normal scope of this Bill."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" So far as the agent is concerned under the ordinary law, he is always responsible to the principal; if he is an undisclosed principal then the agent is himself responsible for the tax. I would like the Hon. the Premier to enlighten me and the House as to what particular cases he has in view where the tax may be avoided."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" It is not to deal with any cases of avoiding the tax at all that the explanation is inserted. Nor is it open to me to instruct people as to how to avoid the tax. Let me say what is intended to be covered once again. If there is a gentleman in Bagdad who has appointed an agent here to sell goods and I send the notice to the agent here, he can very well say: " I am not the owner of these goods. What is the good of your serving the notice on me? " Under the normal law of agency the disclosed principal is no doubt recognized, and the agent is deemed to be the principal. But we cannot draw that law in a revenue enactment. On the general juridical principle this explanation is put in. It is not intended to cover any definite cases of new kind of taxation. It is merely to make a man responsible for executive action."

The amendment was put and lost.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I move—

'*In clause* 2 (*b*)—*Explanation* (2), omit *the words* " *for the purpose of trade or commerce therein* ".'

" I have already explained the reasons, Sir, and there is nothing more to be said on this."

The amendment was put and carried.

Clause 2 (c).

* MR. G. E. WALKER :—" I move—

'*In lines* 3 *and* 4 omit *the words* " *and includes all materials, commodities and articles* ".'

" Sir, those words are a relic of the clause as it appeared in the original Bill. The Select Committee attended to the clause and inserted at the beginning of the clause the word 'means.' This made the words at the end of the clause unnecessary. I now suggest that these be omitted because in my submission, firstly they are unnecessary, and they are, secondly, not very good English. The clause now needs no addition after the words 'goods' means all kinds, etc., because this is a very exhaustive definition and is in fact taken from the Sale of Goods Act. If the Prime Minister would like, for the purpose of confusing the layman, to retain the words all materials and articles, then I hope, Sir, that if he does not want to accept this amendment he will accept the next amendment, because that would at least turn the clause into English. But I suggest there is no need for these words at all as the definition is quite exhaustive and the extra words tend to confuse the issue. I have been consulted by several of my constituents about the word 'commodities' and the dictionary meaning is 'any useful thing.' It may be goods within the meaning of the clause, or it may not. The illustrative words, I suggest, do not clarify the definition but tend to confuse it. Therefore I hope the Prime Minister will accept the amendment."

MR. SPEAKER :—" Does the hon. Member think that the next amendment is better."

* MR. G. E. WALKER :—" The other amendment is—

'*In lines* 3 *and* 4 for *the words* " *and includes all materials* " substitute *the words* " *but includes all other materials* ".'

" The clause in the Bill excludes certain commodities and the exclusion phrase should be followed by 'but,' not 'and'."

MR. SPEAKER :—" It would be better if the two amendments are discussed together."

* MR. G. E. WALKER :—" If the Prime Minister rejects the first I move the second. But I don't want to add anything to what I have already said."

The amendments were duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" It is difficult for me to argue on English with Englishmen. If I am given the privilege, I should like to say that 'but all other materials' would not fit in because stocks and shares would be taken as materials."

MR. G. E. WALKER:—" They are commodities."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I shall deal with the previous amendment more elaborately. The words 'and includes all materials, etc.,' are proposed to be omitted. Since we have got 'all kinds of movable property' I may say, speaking as a layman, I would find no difficulty in accepting this amendment. But the Government of India Act has in a solemn section No. 311 stated definitely that 'goods' includes all materials, commodities and articles. I think it is safe to keep that definition in an Act which we pass under this Act. There is no harm in it. That is all I can say. As regards the English of it, when we say 'all kinds of movable properties other than securities, etc.,' there is possibly a doubt raised and in order to remove that we have added this. None of these three would include stocks, shares and securities. They would not be materials except in the legal sense. I do not think there is any substantial objection. I would rather maintain the style of the Government of India Act."

The amendments were put and lost.

Clause 2 (*d*).

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I move, Sir—

'Omit *clause* 2 (*d*)'."

The amendment was put and carried.

Clause 2 (*i*).

* H. S. HUSSAIN SAHIB BAHADUR:—" I am moving the second amendment, Sir, to clause 2 (*i*), viz.:—

For clause 2 (i), *substitute* the following:—

'(*i*) "*Sale*" *with all its grammatical variations and cognate expressions means every transfer of the property in goods in the course of trade or business in exchange for a price paid or promised or part-paid and part-promised or for any other valuable consideration, but does not include a mortgage, hypothecation, charge or pledge.*'

" Sir, my amendment follows the definition given in the Transfer of Property Act, because, Sir, the amendment that I propose will make the matter more clear. The transfer should be in exchange for a price paid or promised. That, of course, means for cash payment, or promised to be made in future, or part-paid, i.e., a portion of the price may be paid at the time of the sale and the remaining in the future. I think, Sir, the definition given in the Transfer of Property Act is better and might be adopted as the definition of 'sale' in this Bill. It will make matters clear. The Hon. the Premier, in the amendment he has given notice of to this sub-clause says that the transfer should be for cash or for deferred payment. That does not cover all these

cases. Transfer must be either for cash on the spot or for deferred payment according to him. But there may be a case where part payment is made in cash and the balance is paid some time later. Therefore I have moved this amendment in the hope that it will be accepted."

The amendment was duly seconded.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, I am at a loss to understand what the object of the proposed amendment is. I am therefore unable to make up my mind on this. Is it simply elegancy of drafting? "

* H. S. HUSSAIN SAHIB BAHADUR :—" I have tried to explain my amendment by saying that this will cover all cases. I have stated in my amendment that a price which is fixed for goods might not be paid all in cash. There may be cases where part payment only would be made."

MR. SPEAKER :—" Is it taken from the Transfer of Property Act, word for word? "

* H. S. HUSSAIN SAHIB BAHADUR :—" Yes, word for word, I have taken it from the Transfer of Property Act."

MR. SPEAKER :—" But the Prime Minister has taken it from the Sale of Goods Act."

* H. S. HUSSAIN SAHIB BAHADUR :—" I think the definition in the Transfer of Property Act is better."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Unless Mr. Hussain shows what improvement his amendment will bring about, I will stick to my wording."

MR. SPEAKER :—" There is nothing particularly gained. There is only a difference in wording."

* H. S. HUSSAIN SAHIB BAHADUR :—" According to the amendment proposed by the Hon. the Prime Minister, it must be for cash or for deferred payment."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" The words ' or other valuable consideration ' are already there."

* H. S. HUSSAIN SAHIB BAHADUR :—" It may not be for money, but for some other things. My amendment will cover all cases like that. My point is that the price itself which has to be paid in cash, might not be paid in full at once. If the Hon. Premier thinks that ' or other valuable consideration ' will cover all cases, I have no objection to his adhering to his own definition."

The amendment was, by leave, withdrawn.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I move—

' *In line* 5, *for the word* " *money* " substitute " *cash or for deferred payment.* "

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" All that I have to say on this amendment has been already said by Mr. Hussain."

The amendment was put and carried.

New explanations to clause 2 (i).

* MR. G. E. WALKER:—" Sir, I move the amendment standing in my name, viz.,—

' After *the word* " *Explanation* " add *the figure* (1) *and at the end of the Explanation* add *the following*:—

" *Explanation* (2).—*For the purposes of assessment to the tax, a sale shall be deemed to be effected at the time when the consideration for the sale is paid.*"

" *Explanation* (3).—*For the purposes of assessment to the tax, a sale shall be deemed to be effected at the place where property in the goods is transferred from the seller to the purchaser* ". '

" Sir, this question is one of the greatest importance in interpreting the Act. The absence of any indication as to the time or place where a sale is effected is a serious drafting deficiency. Even in Australia where the Sales Tax Act is a Federal taxation measure, and in spite of its being wholly within a strong customs barrier, they have found it very necessary to define the time and place where a sale is effected for the purpose of the Sales Tax. They found it not only necessary to define it clearly at the time the Bill was passed, but I gather that the Government of the Commonwealth of Australia has recently felt it necessary further to amend the definition, especially in connexion with the thorny problem of services involving the use of goods so well known to my hon. and learned Friend, the Advocate-General. It is therefore extremely important to define this point in relation to our own Sales Tax Act. Time and place, i.e., when and where sales are effected, are always one of the knotty points in a contract. I was once in practice at the Bar in a country where two systems of law were followed. Hon. Members probably know that in Africa, the Union and Southern Rhodesia follow Roman Dutch law, while all the Colonies to the north and east of Southern Rhodesia follow English law. On account of the conflict of those two systems in respect particularly of the law of contract, there is extremely lucrative practice for the lawyers. Now, in India also, we have several legal systems. There are the British Indian Provinces, each with its own differing laws; on our borders, we have the Indian States, where different systems prevail. In addition to this, there are parts of India administered under French and Portuguese law. In such circumstances the conflict of law will always crop up. I may in this connexion refer to page 12 of Pollock and Mulla, where it is said:

'It may be doubtful what law is to be applied to decide on the validity or the interpretation of a contract, or both, as where the contract is made in one jurisdiction and is to be performed in another, or is sued on in a jurisdiction where it was not made or to be performed.'

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Later on they say, after stating certain rules :

'*These rules are only in the nature of presumptions, and subject to the intention of the parties, whether expressly declared, or inferred from the terms and nature of the contract and the circumstances of the case.*'

These points occasion enormous difficulty even in the ordinary interpretation of the Law of Contract. But when we have, added to the ordinary Law of Contract, the difficulty of a tax on sales, the position becomes decidedly worse. In case the Hon. the Prime Minister thinks that there is no difficulty on this point, may I put to him, as an academic case, the following: Let us suppose, Sir, the Madras branch of a firm whose head office is in the Punjab sells goods to a Dutch firm in Travancore. I do not know whether there is actually a Dutch firm in Travancore, but let us assume that there is for the purposes of argument. Part of the goods for which the contract is made is to be delivered from stocks in Calcutta and part from stocks in Bombay. Those from Bombay are delivered *via* Cochin and are invoiced on Willingdon Island in the Cochin State and those from Calcutta are delivered via Pondicherry and are invoiced in French India. Delivery is taken in Travancore, and payment is made, let us say, to the London office of the firm by a draft drawn on a bank in Amsterdam. Can my hon. and learned Friend the Advocate-General tell me for certain where the contract was made and when, even by looking up the authorities? Even in respect of contracts which are made in the same jurisdiction, there are always doubts regarding time and place. In general, the tests for time and place, are the passing of the property from one hand to another and the payment of the consideration for the sale. But that is complicated in the case of contracts where the purchase price is paid in advance, or where delivery is made in instalments subsequently. This, Sir, is further complicated by the question whether any particular transaction is a sale or is only an agreement to sell. All this can be remedied if the time of sale is taken as the time of payment, and the place of sale is taken as the place where property in the goods left the hands of the seller. Personally, I should be quite satisfied to see both time and place fixed at the passing of the property in the goods. But this is always complicated by the question of payment in instalments, and payment under the form of hire-purchase agreement known as the 'Singer Sewing Machine Agreement' which has been the subject of many decisions of the courts. But at least if the time and place of payment are made clear, the Government would lose nothing. There is no conflict between this and the existing Explanation which provides that where a transfer of goods is made on the hire-purchase or other instalment system of payment, notwithstanding the fact that the seller retains the title in the goods as security for payment of the price, it shall be deemed to be a sale. With my amendment, it will still be a sale; the only

distinction will be that the Government will get its tax when the purchase price is paid, that is, on the instalments and not on the lump sum when the debit for the transaction is entered in the seller's books. Therefore, so far as the Government and the tax-payer are concerned, the position remains the same and the one makes, and the other receives, payment of the tax in full.

"Regarding the fixation of the place, I think it is admitted by the Government that they have no right to tax sales which take place outside the Presidency; the Prime Minister made a distinction in the Select Committee between firm sales within the Province and sales made abroad on consignment. Even within the Presidency, Sir, we have the case of firms which, having their head offices within the Province, nevertheless carry on large businesses in the surrounding Indian States. The accounts of the business done in the Indian States are frequently transferred to the books of the head office at Madras.

4-45 p.m. "I do not think it is open to the Government to tax such transactions, but I suggest that the position should be made plain in the Bill itself. Therefore, in the interests of the business commnnity, I hope that these amendments will be accepted. The Government will lose nothing whatever by accepting them and they would clear up the position, very much to the benefit of the business community who will have to pay this tax. I am afraid that I look on these things rather from a lawyer's standpoint, and I admit that I find it very difficult to advise my constituents on the problems raised by the Bill, on account of the uncertainty of the various clauses. But, my difficulty in advising my constituents is not so important as the difficulty which these constituents themselves have in understanding the Bill; for, after all, they are the people who will have to pay the tax.

"Sir, I should like to refer for a moment to the speech of the Hon. Prime Minister when he moved that the Report of the Select Committee be taken into consideration. He said that extremely good arguments would have to be put up for him to accept any amendments which might have to be moved. I have been at considerable pains to put up what I believe to be extremely good arguments, but I am afraid that the Hon. the Premier has not been listening to them, because he has been engaging himself in conversation with my hon. and learned Friend the Advocate-General. Nevertheless I have put forward my case and I submit that I have done my duty by you and by the hon. Members of this House in putting forward arguments to justify the introduction of what I believe to be an extremely reasonable and reasoned amendment."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I second the amendment.

"Sir, the motion made by my hon. Friend Mr. Walker, consists of two parts. The first part has already been dealt with earlier when the House accepted the principle of taxing even deferred payments. So I shall now be happy if the Hon. the Premier will see his way to reconsider the decision. But I shall not take up the time of the House in speaking upon that part of the amendment. With regard to the second, I only wish to say that it is not a new point. This point has practically been conceded so far as the amended Bill goes. My own contention is that even without this amendment, it is not possible to bring under the scope of this Bill tax on sales where the property in the goods is transferred to the purchaser outside the Province. That being the case, probably if businessmen feel some apprehension with regard to the interpretation . . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—"Businessmen want some leakage in the Bill."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Sir, the Hon. the Premier says that businessmen want some leakage in the Bill. I can assure him that there shall be no leakage in the Bill or the saving of any right of anybody. It is one thing to oppose the Bill on principle. It is one thing to oppose a particular clause relating to a particular tax. But if it is pointed out when the Bill is going to be passed that there is going to be evasion, even the bitterest opponent of this measure will not allow such a thing. I say it is not our object to get loopholes or leakage in the Bill. I think that is not at all our intention. I think it is only fair to the Members of this House, that the Government should think that the intention of those who bring forward these amendments is not at all to defeat the object of the Government in raising this tax. It is only with the object of bringing forward before this House grievances and hardships that will enure to the business community after this Bill is passed into law that these amendments are suggested. If the Hon. Minister thinks that the hardship contemplated under particular clauses of the Bill will not exist, or thinks that those difficulties or hardships have been met by some other provisions in the same Bill, it will certainly be right for him to convince us so now.

"As far as I can see the amended Bill which has been placed before us, I think it is safe to have this amendment. Surely the Hon. the Premier is not going to say that he wants to tax even sales that take place in Lahore or some other place outside the Presidency. I hope he does not want any technical leakage in his favour. As I said already we do not want any leakage or anything of the kind. My hon. Friend Mr. Walker, wanted to put it in a plain manner. The object of his amendment is to declare and define saying that the transactions that are referred to in the particular clause refer fully and materially to those transactions which take place in the Province of Madras. There are certain

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companies which have their establishments and accounts at Madras, because they have to carry on their business from their head office at Madras and they have to keep accounts at Madras for certain contracts and sales which take place outside Madras. Merely because such transactions of sales are entered in the accounts of the head office, they should not be taxed. It is in order to differentiate such transactions, so that they may not be subject to this kind of tax, that these amendments are sought to be introduced. When the amendment regarding a reference to the High Court is moved, I hope I shall have another opportunity of speaking on that motion and especially about the doubtful interpretation that may be put upon the existing clause in the Bill. When we consider that this Bill is going to fetch 4 crores of rupees to the Government, the Government can well afford to pay their Advocate-General or some of the best lawyers to defend their case, particularly in view of the fact that they are going to get $1\frac{1}{2}$ crores by way of contribution from income-tax. Anyhow I shall not refer to that amendment in detail now. I only wish to say that as far as possible, though we may have a provision to refer the matter to some tribunal like the High Court, we may try to obviate such difficulties with the help of lawyer Members of this House here and now. I am quite sure that it would be possible for the Government to clear up such doubts with the help of the Advocate-General, who, I am sure, is advising the Government on such matters. I should say that it is the duty of this House whenever doubts arise to clear up such doubts. So, we shall be shirking our duty if we do not accept this amendment. I should like to say again that it is not with the object of defeating the object of the Government in raising money that this amendment is brought forward."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I only wish to speak on Explanation (3). The scheme of the Bill is to tax such transactions that take place within the Province of Madras, and not those that take place outside it or in the Indian States or in any other part of the world. I understand that the Hon. the Premier will be able to give us some explanation for the existence of this clause in this form. If he satisfies us with his explanation, we need not cover the whole ground by talking on this amendment. But if we are not satisfied with his explanation, the fact of his having been allowed to reply at this stage will not take away our right of speaking on this motion again."

MR. SPEAKER:—"The Hon. the Premier will now reply."

KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"My humble submission is that if the Hon. the Premier were to listen to all our difficulties and then reply, it would be better."

MR. SPEAKER:—"If he explains all the difficulties, that would save a lot of time."

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KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"*I do not know whether the Hon. Premier could imagine all our difficulties.*"

THE HON. SRI C. RAJAGOPALACHARIAR:—"A personal explanation first. Mr. Walker explained that I was not listening to him when he was making a most important point. He is under a wrong impression. I was listening to him so well that I immediately had to consult the Advocate-General as to which is the best way of disposing of the difficulty in a matter of this kind.

"Explanation (2) is with regard to the question as to when a sale shall be deemed to have taken place. Whether it is deferred payment or immediate payment, the previous definition given in the explanation covers all such cases. Therefore, now to go back upon that definition and try to define the time-limit within which if consideration for a sale is paid it should be considered as a sale within the meaning of this clause, would lead to doubts and difficulties and probably litigation. I do not really think that any object would be gained by attempting to define that point under a new explanation, viz., explanation (2). Therefore explanation (2) should be deemed to have been practically dealt with.

"So far as explanation (3) is concerned, I am rather surprised at the point which is sought to be made now by bringing forward this explanation now. My doubt is whether we can deal with it at all. Now the power of this Government to levy tax on the sale does not depend—except for the purpose of determining the manner and the quantity thereof—upon what we say in this Bill. The Government of India Act gives power to levy a tax on sale. We cannot go beyond that. The definition now sought to be made in the explanation merely seeks to forestall the arguments which may be raised in the Federal Court. I say, therefore, that the explanation is quite out of place here. It is quite true that we cannot tax a sale which takes place in London or Bombay. But that will not cease to become taxable unless we agree in this Bill not to tax it. It may be said that the proposed definition will tend to reduce the legal difficulties. Yet, I think it is unnecessary, and it is not within our scope. So I would request the hon. Member to withdraw this amendment. If a differential tax is levied as between one place and another, say between Madura and Trichinopoly or between some place and some other place in the Presidency, then a definition such as this would be necessary. In these circumstances, I think Mr. Walker's legal judgment would make him accept my explanation and withdraw his amendment."

MR. SPEAKER:—"I think Mr. Walker has not got the benefit of his counsel by his side . . ."

(A voice.—" He himself is a barrister.")

MR. SPEAKER:—" Oh! I didn't know till now that Mr. Walker is a barrister."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" So far as explanation (3) is concerned, I believe that the Government have taken particular care to see that any leakage is avoided. The Government have got control of the amount of tax that they wish to collect from the sales that take place in this Province. But then they have not taken into account any leakage or defect in the Bill that might be taken advantage of by them as against the merchants whose transactions take place outside this Province.
5 p.m. The sales that take place outside the Province may come to the account of the firm which is located in this Province and it is just possible that this sale may be interpreted to have taken place in this Province; whereas the merchant's account books will clearly show that the sale has for all practical purposes taken place outside the Province. In order to avoid the difficulty of coming to a decision as to the place of the sale, I think, it is much better to make the intention even of the Government more explicit in order to avoid the disadvantageous position in which the firm concerned would be placed. I do not think that the Government would lose anything by accepting explanation (3)."

BASHEER AHMED SAYEED SAHIB BAHADUR:—" I rise to a point of order, Sir. In view of the amendments which have already been accepted to clause 2 (i), I want to know whether Mr. Walker is in order in moving his first explanation. The House has already accepted the principle that a sale shall be a sale even though the payment is deferred. But Mr. Walker's amendment says that it shall not be a sale if the payment is deferred. I submit, Sir, that it is not open to him now to move this amendment. At any rate, Sir, I want to have your ruling on the point."

MR. G. E. WALKER:—" May I speak on the point of order, Sir?"

MR. SPEAKER:—" I think it is not necessary."

THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I am not claiming that it is out of order. Of course, the point was discussed in substance. Mr. Walker's amendment says that the sale shall be deemed to take place at a certain point of time. It is perfectly in order, if it is accepted."

KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" Sir, so far as explanation (3) is concerned, I beg to submit that the important features of a legislative provision should be that it should be definite and certain. Explanation (3), I submit, makes this legislation surely more certain and definite.

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Otherwise so many transactions which are not contemplated to be taxed will come under the scope of the Bill. It will give ample scope for litigation. The most important features of a sale are the place of sale and the time of sale. So far as the time is concerned, the House has already resolved that a sale shall be deemed to have taken place although the consideration for the sale has been deferred. I can now have no quarrel with it. But with regard to the place of sale, I think it is absolutely necessary that this House must definitely make up its mind and say definitely that a sale, to come under this Act, should take place at a certain place. It is very important. Otherwise, various difficulties will crop up and it is very desirable that such difficulties are avoided even while the Bill is on the anvil of the House. For instance, I am thinking of a case where I may purchase goods outside this Province and sell the same outside this Province without their passing into the Province at all, except for the matter of their being entered in my books. Unless the point with regard to the place of sale is made clear by incorporating explanation (3), which has been given notice of in the Bill, I should think that difficulties are bound to arise."

THE HON. SRI C. RAJAGOPALACHARIAR:—"May I ask whether Mr. Walker would accept an amendment to his amendment?"

MR. SPEAKER:—"A new explanation to the explanation?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"I shall make my point clear. If it is only clarity that is wanted, would Mr. Walker and his friends agree if the explanation reads like this?

'For the purposes of assessment to the tax, a sale shall be deemed to be effected at the place where the contract of sale takes place or where the property in the goods is transferred or the delivery is made.'

That will clarify it very well."

MR. G. E. WALKER:—"I did not catch the details of the Hon. the Premier's amendment. May I hear it again?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"The amendment is this—

'For the purposes of assessment to the tax, a sale shall be deemed to be effected at the place where the contract of sale takes place or where the property in the goods is transferred or the delivery is made.'

It will be precise and clear and no money need be paid to the Advocate-General."

KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" Sir, I beg to submit that the amendment of the Hon. Premier will be *ultra vires* under the Government of India Act. We can deal only with the sale of goods and not with contracts for the sale of goods. Therefore, the amendment proposed by the Premier will be out of the question altogether. But the amendment of Mr. Walker defines the place where the sale will be deemed to have taken place. I think in a legislation dealing with a tax on sales, we should define clearly the place where the sale will be deemed to have taken place."

MR. G. E. WALKER:—" Mr. Speaker, with regard to the Hon. the Prime Minister's offer, I find that the combined skill of the Hon. the Premier and of the learned Advocate-General is too much for me. I do not think that the suggestion which the Hon. the Prime Minister has made would clear the matter up in any way. I think it would obscure it more and make it not only difficult, but entirely impossible of comprehension. I feel, Sir, that it is a matter which will have to be gone into very much more fully than is possible at this stage. Anyhow, Sir, as an amendment to my amendment, I should not like to accept it."

Mr. Walker's amendment was then put and lost.

Clause 2 (j).

MR. H. S. TOWN:—" Sir, I move the following amendment:

> '*In line 2, after the word " goods " insert the words " other than goods the sale or purchase of which is exempt from taxation under this Act ".*'

" Sir, the reason for this is the peculiar machinery adopted under this Act for the exemption from taxation. It seems to me that if certain goods are not liable to be taxed, that is to say, goods exempted under section 4, there is no need for those goods to be included in the turnover. As the Act stands at present, it means that a man has got to keep a record of all the goods he sells, a record of the sales of even the goods which are not liable to be taxed at all. This will be putting on the dealer a large amount of work which is of no use to him and of no use to the Government. I suggest that the addition of the words will not damage the Act and will not damage the Government in any way. It will just be a little blessing to the poor taxpayer under this Act. I therefore move, Sir."

MR. W. K. M. LANGLEY:—" I second the amendment."

THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I am myself moving an amendment to exclude one large class of people, namely, those dealing in agricultural and horticultural produce.

I am not quite sure whether I have caught Mr. Town's explanation of his amendment. Does he mean that if this definition is altered as he wants it to be altered, it would save a dealer from including in his returns things which are really exempted?"

MR. H. S. TOWN:—"Yes, that is so."

THE HON. SRI C. RAJAGOPALACHARIAR:—"If that is all that is sought to be brought about by this amendment, I wish to explain, Sir, that it would not be right to accept it. We cannot really judge an exemption unless we know the details about that exemption. It is very often necessary to get a proper account of the exempted articles in order that the exemptions may be correctly made. Otherwise it would be merely the judgment of the dealer that we will have to depend upon. If a dealer was asked why he did not include certain items, he might say that he thought that those items would be exempted and that it was a *bona fide* mistake on his part in not having included those items. Executively therefore, I cannot accept it. I admit the reasonableness of a general provision in the rules by which large groups of things could be omitted as a matter of fact."

The amendment was put and lost.

THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I beg to move the following amendment:—

> 'After *the words* "*valuable consideration*" insert *the words* "*provided that the proceeds of the sale by a person of agricultural or horticultural produce grown by himself or grown on any land in which he has an interest whether as owner, usufructuary mortgagee, tenant or otherwise, shall be excluded from his turnover;*".'"

MR. G. H. HODGSON:—"Sir, I beg to move the following amendment to the amendment now moved by the Hon. Premier:— 5-15 p.m.

> 'After "*tenant or otherwise,*" insert "*and the proceeds of the sale by a manufacturer of goods manufactured by him.*"

Sir, this is in line with the principle which my constituents have put forward at every stage since this Bill was first published. We included it in a memorandum to the Government and we included it in evidence before the Select Committee; the principle being of course that the industry of a country should receive every possible protection from the Government of that country. Sir, yesterday, the Hon. the Revenue Minister made a powerful speech which went a very long way to support the amendment I am now putting before the House. He said that the industries of this Province should be protected and if I heard him correctly, he finished by saying that if he had his own way, this Province

would be made self-sufficient in two days. Well, Sir, as regards the industries of this Province where there is effective outside competition, it is going to be impossible for those industries to pass this tax on. I do not think I need labour the point. Whether the competition is by sea from outside or from other Provinces, the industrialists of this Province will have to bear the tax imposed.

"Now, Sir, I am told this tax is one pie in the rupee. It is not 8 per cent as in Canada. But the Canadian tax is imposed inside a customs barrier and it is quite different from this general turnover tax to be levied in this Province. I have made an estimate; it is not an exact figure; but as a general rule it may be taken that an industry with a capital of one lakh of rupees sells approximately two lakhs worth of goods. That means that the ½ per cent tax will amount to 1 per cent on the capital of the company. That is not a small thing; an industry in a neighbouring State might add this amount to the capital, whereas manufactured goods in this Province are subject to this tax, even when the company is making no profits at all. It must be remembered that any industry goes through varying periods—short or long—when it makes no profits at all. In that case this tax will have a very bad effect, for it will be a levy on capital. *If this goes on for two, three or four years, it will be 3 or 4 per cent tax on the capital employed* in the industries of the Province. It is also going to bear very hardly on new companies floated in this Province, because it must be conceded that a new company often works on for two or three years making no profits at all. At the end of that period it will have paid 2, 3 or 4 per cent of its capital by way of this tax; whereas a new company in a neighbouring Province or State will have that money available for dividends.

"Sir, I am not going to tread on dangerous ground, and I am certainly not going to indulge in legal arguments with the wealth of legal talent present in the House. But, Sir, the Hon. the Premier read from a very interesting article from the *Commerce* yesterday and now I would just like to read this sentence: 'The Provincial Governments cannot levy the Commodities Sales Tax at the manufacturing stage. It is still a question whether a turnover tax can be levied at the manufacturing stage.' It seems to me therefore that the whole of this Bill may be jeopardized, if this amendment is not accepted. Sir, I move."

MR. G. E. WALKER:—"I second the amendment."

MR. SPEAKER:—"The question is this: '*after* "tenant or otherwise" in the amendment moved by the Hon. the Prime Minister, *insert* "and the proceeds of the sale by a manufacturer of goods manufactured by him".'"

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* THE HON. SRI C. RAJAGOPALACHARIAR :—" Mr. Hodgson's amendment amounts to this: that manufacturers should be exempted for the goods that they manufacture as agriculturists are exempted for the goods they produce or grow. Attention is being drawn by this amendment to the importance of encouraging the manufacture of goods in this country and that it is better to save them from this tax, as we save agriculturists from tax on the produce they raise. Hon. Members are aware of the fact that we have been opposing even amendments to the effect that co-operative societies may be exempted from this tax. Whatever may be said on the other side and with due deference to what is said on the other side, we consider that the tax we levy is a small tax. The idea is that this should be an addition to the cost of production of every article in the country. We have exempted only those products on which a very heavy tax has already been paid. It is on that principle that the agriculturist is not asked to pay over again. If manufacturers pay any duty to this Government on commodities they manufacture, I shall at once jump at the proposition and save them from this half a per cent tax . . ."

MR. G. H. HODGSON :—" Will the Hon. the Premier exempt sugar which pays Rs. 14 per ton excise duty? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" As soon as sugar pays the tax to us. For instance we do not exempt articles on which import duties have been paid at the Custom House to the Central Government. We do not exempt articles such as salt, for instance, on which probably 100 per cent, if not more, tax has been levied by the Central Government. Therefore we have definitely followed a principle: it is only where commodities have already paid heavy taxes to this Government—agricultural commodities, motor-spirit, tobacco and other articles—that they have been excluded from this tax. Liquor, for instance, which we have been taxing all through, is exempt from this tax. But manufactured products do not fall under that class. Though the tax is there, we think it is only a quantitative insignificance. But arguments have been put forward that the tax is not insignificant. It is really quite insignificant. Yet it is stated that it is not light enough to be borne at all. It is not right to say that dividends will suffer; it is not right to say that the management will suffer. If people want the goods dealt with by the manufacturers, they will surely be forced to pay the price fixed by the manufacturers. If a man does not like jaggery but wants sugar, he will have to pay for the sugar manufactured and distributed throughout the country. This is the only reason why I am not able to accept this important extension of the scheme of exemptions under this Bill, which Mr. Hodgson wants us to undertake. As regards my own amendment, I have said enough already.

"Mr. Speaker, I think you are putting the two amendments one by one."

Mr. Hodgson's amendment was put and lost.

The amendment of the Hon. the Premier was put and carried.

Explanation to clause 2 (j).

*MR. G. H. HODGSON:—"I move—

'*Omit the words "Subject to such conditions and restrictions, if any, as may be prescribed in this behalf".*'

This clause 2 (j) is the kernel of the whole Bill and to that kernel an explanation is attached which, in my opinion, should itself be a full explanation. But that explanation is qualified as follows: 'Subject to such conditions and restrictions, if any, as may be prescribed in this behalf.' This explanation to the kernel of the whole Bill is thus left completely uncertain so far as the tax-payer is concerned. There is no possible security to the tax-payer, if it is open to the Government to apply the provisions of this explanation subject to their own conditions. Therefore I move that these words be omitted from the explanation."

MR. G. E. WALKER:—"I second the amendment."

*THE HON. SRI C. RAJAGOPALACHARIAR:—"It is true, Sir, as Mr. Hodgson said, that the definition of 'turnover' is the kernel of the Bill. But those words that he seeks to remove are words attached to the exemptions that are provided for in the turnover under the explanation; the exemptions being first of all exemptions in favour of services rendered in connexion with goods transferred, cash discounts paid, etc. That is to say, if a man sells an article for Rs. 9 instead of Rs. 10, the tax will have to be paid on Rs. 9 only. Whereas, if a shopkeeper gets accommodation from a neighbouring shopkeeper, both of them can claim the exemption. Therefore these exemptions should certainly be subject to such rules and restrictions as may be prescribed, so as to ensure the bona fides of the claim for exemption. It is only to limit the exemptions to be made to bona fide claims coming within the spirit of these exemptions, that these words are introduced in the beginning of the explanation.
5-30 p.m. I do not think, Sir, there is any uncertainty about the object of the exemptions or the clarity with which the exemptions have been defined; but it is only to avoid possible misapplication or wrong claims for exemptions that this clause has been introduced. As regards the rules that will be prescribed in this behalf, it is not as if in each case the discretion of the Government will be used; the rules will be published and the people will know

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what they will have to do. For instance, let me give an example. Take exemption (iii). If a man takes over a few articles, screws from the neighbouring shop and completes his customers' demands, he will have to enter the transaction in his books at the time he takes them; and it should be entered in the books as to from whom they were taken, etc., so that he cannot later on say that he did not go to the other man's shop or the latter cannot say that they were not taken from his shop, etc. These are the conditions and restrictions that are likely to be laid down. Then again, as regards cash discount, it ought to be mentioned in the books that the discount was given. On this assurance, Sir, I hope that Mr. Hodgson will not press for the removal of an essential clause in cases where exemptions are to be given."

MR. SPEAKER :—" Shall I now put the amendment to vote? "

MR. G. H. HODGSON :—" I withdraw the amendment."

The amendment was, by leave, withdrawn.

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I have given notice of an amendment similar to that given by Mr. Bhaktavatsalu Nayudu, viz.—

'*In line* 1 *of Explanation* (*i*) *of clause* 2 (*j*), omit *the words* " *bought or* ".'

" These words are inconsistent here. It is only an exemption for services rendered, and they cannot possibly be rendered by the person who buys. That is why I am moving this amendment, Sir."

The amendment was put and carried.

* H. S. HUSSAIN SAHIB BAHADUR :—" Sir, I move—

'*that in line* 3 *of item* (*ii*) *of the Explanation*, for *the word* " *article*," substitute *the word* " *goods* ".'

" Sir, in item (ii), it is stated ' any cash or other discount on the price allowed in respect of any sale and any amount refunded in respect of articles returned by customers shall not be included in the turnover.' Sir, the definitions of ' sale,' ' turnover ' and ' dealer ' refer only to goods. The definition of goods includes articles also. What I say is that it must be not only in respect of articles returned but also in respect of other commodities and materials that are included in the definition of ' goods ' . . ."

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MR. SPEAKER:—" You want to have the general term 'goods' instead of the word 'article'?"

* H. S. HUSSAIN SAHIB BAHADUR:—" Yes. In the definition of 'goods,' 'article' is included. You restrict yourself here only to articles; therefore, I say that the word 'goods' should be substituted. I move my amendment accordingly and hope it will be accepted."

V. S. T. SHAIK MANSOOR THARAGANAR SAHIB BAHADUR:—" I second it."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I do not know, Sir, exactly whether the intention behind this very insignificant-looking amendment is more than what I have understood. Sir, we were thinking in this exemption only of the case where a customer takes a certain thing but does not approve of it and returns it; in other words, where the article is purchased subject to approval, so to say. But where, for instance, a man buys twenty bales of cotton and goes to Tiruppur and there finds that some other arrangement is possible, and so retnrns those twenty bales of cotton back on a subsequent date, it is not intended that every such sale should be covered by a simple provision like this which relates to sale 'subject to approval.' Since the exemption is intended for the very limited number of cases where articles in retail sales are returned, I submit it will be dangerous to accept the term 'goods' which is far too comprehensive and perhaps will throw doubts on the question of re-sale which perhaps may or may not come under the exemption clause."

The amendment was put and lost.

ABDUL HAMEED KHAN SAHIB BAHADUR:—" I move, Sir—

> '*In item (iii),* omit *the word " immediately " in the third line.*'

" It is only a verbal change that I seek to make by this amendment. After all, the word 'immediately' is not a very important word in the provisions of the Bill, and it does not alter its character. I know that where a dealer obtains the goods from a neighbouring dealer for the purpose of disposing of it, he does not effect a purchase. If the word 'immediately' is there, it would involve the merchant who borrows the goods in some difficulty, because it would mean that it has to be taken to the turnover account. It is just possible that he may take a day or two days or even three days to decide. It happens in trade that for purposes of sale of an article which is not found in a particular shop, the dealer has to take it from a neighbouring shop to show it to the customer. If the customer is not satisfied with it at the moment, the article may be returned on the following day or

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even on the third day. If the word 'immediately' is retained here, the possibility of the purchaser coming back with the article on the following day or the third day cannot be contemplated. Therefore, Sir, the word 'immediately' would cause mischief to that extent. In order to make the obtaining of goods by dealers for the purpose of sale—and not *buying* of goods for purposes of sale—possible for a longer period than a day or two days, I think the word 'immediately' should be deleted and that merchant should not be put to the trouble of having to count even those articles which do not belong to them but belong to others, as articles in respect of which sales have taken place immediately."

* SRI T. T. KRISHNAMACHARIAR:—"In seconding this motion moved by the hon. Member representing the Muslims of Madras City, I would try to clarify the point raised. It is quite likely that the Hon. the Leader of the House sees a snag in this amendment and it might determine his attitude with regard to this amendment. The point really is this: a vital concession has been given to the dealers by this exemption. Nobody recognizes it better than I do. At the same time, this word 'immediately' tends to restrict that concession given; this is, as it were, taking away with one hand what is given with the other by putting a narrow and vague time-limit which can be ordinarily misinterpreted by the officers who are going to administer this Act. The Government are not altogether surrendering their right to fix the time if they now agree to take away the word 'immediately' from this clause. This point was made clear by the Hon. the Premier himself with regard to a previous amendment to omit the words 'subject to such conditions and restrictions, if any, as may be prescribed in this behalf.' All these explanations are to be governed by those restrictions and conditions which may be prescribed.

"In regard to the manner in which this concession should be administered, the rules will make it perfectly clear. The rules may say that six hours should not elapse from the time the article is bought from a dealer and sold to another; or it may be 18 hours or 24 hours or even three days, as my hon. Friend the mover of the amendment put it. But what I say is: you determine the time by means of your power to prescribe the rules. Even if the clause stands as it is, you must necessarily amplify this provision; but do not take away with one hand what you have given with the other. Do not restrict unduly and vaguely a valuable concession. You are really doing nobody any good by insisting on the retention of this word 'immediately' here. This is a point which should have been made clear in the Select Committee itself; and I do not know how this escaped the attention of the members of the Committee. If the Hon. Premier sees a snag in this amendment, the Government have ample provision for altering this

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explanation in whatever manner they like, and nothing is lost by accepting this amendment. It is really innocuous. I think the intention of the mover is not that the Government should be put to any difficulty. As a matter of fact, most of us here are very much interested, notwithstanding our views on this Bill; and whatever might be the nature of this Bill, we should all co-operate with the Government in order to avoid any evasion from this tax in the future. I would not be a party to any amendment which seeks to provide a loophole. I therefore respectfully commend this amendment to the Hon. the Leader of the House."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—" In supporting this amendment, I have got only one word to say, viz., that my hon. Friend the Advocate-General and the Hon. the Premier will both admit, I trust, that the word 'immediately' is certainly not a word which is capable of any definite meaning. Therefore, it is better, in passing a legislation such as this, to avoid such words which are not capable of any definite meaning. If such words are used, it will be giving cause for abundant mischief in the actual administration of the Act. It is therefore very necessary that such mischief should be avoided, and the use of such words should be avoided."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I am particularly grateful to the hon. Member Mr. Khalif-ul-lah Sahib because he has really clarified my mind in this respect by his explanation. The word 'immediately' is there not to define any particular period of time, but to explain what 'accommodating' means. For 'accommodating' a particular customer, a dealer obtains goods from another dealer and disposes of the same. Now, if it stood by itself without the word 'immediately,' this might even mislead people to expect that wholesale agency transactions would be covered by this transfer. It is to avoid such possibility of disappointment that this word is put in. When in the rules we put down conditions, there would be a certain amount of disappointment if we removed the word 'immediately' as a result of the amendment now and then introduced it later on in the rules. Having put it in here, I would rather prefer that the word remains, especially because, as Mr. Khalif-ul-lah Sahib has explained, 'immediately' does not mean so many minutes or so many hours; it will be really understood in the substantial sense as not having any other purpose than 'accommodation.' I do not think, Sir, there is any necessity, or that it would even be an improvement, to omit the word 'immediately.' At the same time, I admit that if we do omit the word 'immediately,' it would not matter much. But having put it in, why create difficulty by this amendment? "

The amendment was put and lost.

New item (iv) under the Explanation to clause 2 (j).

* Mr. G. H. HODGSON:—" Sir, I beg to move—

'Insert *the following as item (iv)* of the *Explanation to clause 2 (j)*:— 5-45 p.m.

" *(iv) the amount of any bad debt incurred by a dealer shall not be included in his turnover; provided that when any debt which has been written off as bad or any part thereof is subsequently recovered by a dealer, such part thereof as is recovered shall be included in the dealer's turnover in the year of recovery* ".'

Sir, I was rather surprised to find that this provision does not appear either in the original Bill or in the Select Committee's Report or in the Government amendments, because it seems to be no more than plain justice that a dealer should be allowed to deduct bad debts from his turnover. For a bad debt can in no sense be considered part of his turnover; at any rate, a bad debt should not be taxable under this Bill. Credit is given by dealers in good faith and it is not right to turn round afterwards and say, 'It serves you right and you must pay a tax on a sum which you will never receive.' As I said, the Bill does not intend to levy a tax on sales, but on turnover; and in what respects a bad debt can be called a turnover, I do not know. I would like to remind the Hon. the Prime Minister that I withdrew my motion just now and have left him power to apply such conditions and restrictions as may be prescribed; that applies to this Explanation No. (iv) also. I would ask him, therefore, to accept my amendment for excluding bad debts and to apply all the conditions and restrictions which he may feel inclined to apply afterwards. With these words I move my amendment, Sir."

Mr. D. M. REID:—" I second it, Sir."

* Sri G. KRISHNA RAO:—" On a point of order, Sir. May I ask how when clause (*j*) has been accepted, this amendment can be moved, because clause (*j*) itself deals with turnover whether for cash or on deferred payment. Deferred payment means the amount of money that is entered in books which is not realized. When such is the case, I do not know how this amendment can be moved now. I may be enlightened, Sir."

Kumararaja MUTHIAH CHETTIYAR of Chettinad:—" Sir, I, as a businessman, know what a deferred payment is and what a bad debt is. Bad debt is a long way off from deferred payment. Deferred payment means that when an article is sold to a person, he need not pay the amount immediately, and in most cases goods are given in good faith and payment is expected in good faith and in the hope that the money will be returned in full in proper time. It is one thing not to tax such things and another thing to say that the Government will consider the question of giving a rebate later on when it is known that the

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money is not realized. The two things are quite different in principle and I am sure my hon. Friend Mr. Krishna Rao will understand that these two are two distinct principles."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I think, Sir, the point of order raised is good to a certain extent. If we really understand Mr. Hodgson's proposal it comes to this, that the bad debt should be excluded. When? It is to be excluded at the time and during the year of the sale. Otherwise, it won't be a question of not including it in the turnover. If it is decided immediately that it is a bad debt, that is to say, the vendor himself has decided it is a bad debt, straightaway it is not to be included in the turnover. Now, if Mr. Hodgson had proposed that anything that is proved to be a bad debt shall be deducted from the turnover of that year, then I can understand it would be in order. As it is, I think he means that it should be deducted even from the first . . ."

MR H. G. HODGSON:—" Well, Sir, I would accept the explanation of the Hon. the Premier."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" If the amendment is accepted in the form in which it is put, another difficulty would arise. It should not be thought that there is no statutory provision as to how and when it should be treated as bad debt. That is to say, he means that a rule should be made to provide for such deductions. It would be a very difficult thing on the whole. I think if a dealer thinks it worth while to sell, he must also think it worth while to pay this tax. Just as he won't get a return from the railway company for freight on a portion of the article or from the post office for the postage on that article, he will have to pay this half per cent also. It will on the whole induce people not to run risks with creidt transactions."

* THE HON. MR. YAKUB HASAN:—" Sir, even when a sale is made on deferred payment, the sale is made and the obligation for the payment of the value becomes a money debt. If a man does not pay his debt, then that is a separate matter altogether, but the sale has not been cancelled at all. The sale has been made and the goods transferred from one man to another; and if that man has not paid the debt, it does not mean that the sale of the goods was not made. The sale was there. He trusted that man and gave him credit. It becomes a money debt altogether and its non-recovery has nothing to do with the turnover. Turnover was quite correctly recorded. If the man has not discharged his money debt, it makes no change whatever and there should be no deduction from the turnover."

* MR. H. S. TOWN:—" Sir, the Hon. the Premier has some difficulty apparently, of knowing when a debt is bad. The average businessman has no difficulty whatsoever; and that is the great

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difficulty we have in this House. We are businessmen with business practice and business knowledge and we have to deal with people who have not that knowledge. Now, the Government are quite clear in their own mind as to when a sale takes place and the Government of India in fixing the income that is taxable, are quite clear in their own mind, as to when a debt became bad. I say that when a man is unable to recover his debt, it is bad debt and it should be written out of his income. Now, Sir, the Hon. the Premier has suggested that we should give up sales on credit and that we should sell for cash. The biggest buyers on credit in this Presidency and in India are the Provincial Governments and the Central Government and they are notoriously bad payers. They are notorious for knocking off the odd pies and generally, Sir, if you check their figures they have knocked off the pies incorrectly. There is no reason why a man should be taxed on money that he does not receive. He has given those goods away, perhaps by mistake, but he has not sold those goods for a sale necessitates a payment. I want to get right into our heads that when a man parts with his goods he has not necessarily made a sale. I submit it is only right that when there is a bad debt, the seller should be let off and no tax should be collected on the sum he has not received, because it does not form part of his turnover. In fact, there is no turnover if you do not get anything. If money does not come in, then it is not turnover and the trader should not be taxed on it. I therefore support the amendment, Sir."

*V. S. T. SHAIK MANSOOR THARAGANAR SAHIB BAHADUR:—"கனம்தங்கிய தலைவர் அவர்களே, வியாபாரிகள் கடனுக்கு விற்று முதல் செய்து அந்தக்கடன் திரும்பிக்கிடைக்காமல் போய்விட்டால் அதனால் வியாபாரிகள் வாஸ்தவத்தில் நஷ்டமடைந்துவிடுகிறார்கள். அப்படி நஷ்டமடைந்த வியாபாரிகளுக்கு வரி விதிக்கும் தொகையிலிருந்து வரியைக் கழித்துக் கொடுக்கவேண்டியது நம் கடமையாக இருக்கிறது. கடன் தொகையைக்கழித்து மீதி கொள்முதல் விற்று முதலுக்கு வரி விதிக்கும்படி வேண்டிக்கொள்ளுகிறேன். முதலே திரும்பிவராத கடன்களைக் கழித்து மீதித்தொகைக்கே தீர்வை போடவேண்டும். பூராக்கொள்முதல் விற்று முதல் தொகைக்கு வரி விதித்தால் அந்த வரியினால் கடனுக்கு விற்ற வியாபாரிகள் தங்களுக்கு வந்து சேரமுடியாத கடனுக்கும் வரி கொடுக்கவேண்டிவருமாதலால் நசித்துப போய் விடுவார்களென்பதை மேன்மை தங்கிய முதல் மந்திரியாரவர்களுக்கும் மற்ற நண்பர்களுக்கும் தெரிவித்துக்கொள்ளுகிறேன். ஆகையால் திரும்பி வரக்கூடாத கடனைக் கழித்து மீதித்தொகைக்குமட்டும் வரி விதிக்க கணக்கு எடுக்கும்படி வேண்டிக்கொள்ளுகிறேன்."

*D. S. SAIYED IBRAHIM SAHIB BAHADUR:—"அக்கிராசனாதிபதியவர்களே, நம் பிரதம மந்திரியாரவர்கள், 'எந்தக்காலத்தில் இது தள்ளிக் கொடுக்கிறது ?' என்று சொன்னார்கள். ஆனால் வியாபாரிகளெல்லாம் பணம் சம்பாதிக்கிறதற்காக இருக்கிறார்களே யல்லாமல் பொய்க் கணக்கு எழுதுவதற்காக இல்லவே இல்லை. மேலும் வருஷாந்தரம் ஒவ்வொரு வரும் லாப நஷ்டக்கணக்குப்பார்த்தே வருகிறார்கள். லாபமின்னது நஷ்டமின்னதென்றும், வரக்கூடிய கணக்கு இன்னது வரக்கூடாத கணக்கு

[D. S. Saiyed Ibrahim Sahib Bahadur] [10th May 1939

இன்னதென்றும், தள்ளிவைத்து விடுகிறார்கள். அப்படி வரக்கூடாத கணக்கென்று சொல்லக்கூடியதற்கு வரிபோடுவது நியாயமில்லை.

“ **Deferred payment**க்கு விற்றுவிட்டால் போதும் என்று யாகூப் ஹஸன் ஸேட் அவர்கள் சொன்னார்கள். கணக்கு புஸ்தகத்தில் விற்பனையாகிவிட்டதென்று எழுதிவிட்டால் பணம் வியாபாரிக்கு வந்து விட்டதா ? புஸ்தகத்தில் மட்டில் விற்பனையாகி விட்டதென்று இருக்கிறதேயல்லாமல் பணம் கைக்கு வரவில்லை. அவர்கள் சொல்லுகிற மாதிரி போட்டால், என்று அது கணக்கு எழுதியாகிவிட்டதோ, அன்றே அது சம்பந்தப்பட்ட மட்டில் அது **Turnover tax**க்கு உட்பட்டது என்கிறார்கள். ஆகையால் விற்பனை வரியென்பதையே இப்பொழுது போட இருக்கிறதை எல்லோரும் ஆக்ஷேபித்துக்கொண்டிருக்கும்போது, இவ்விதமான கஷ்டங்களையும் அதில் நுழைப்பது வியாபாரிகள் கெட்டுப்போவதற்கே இது அறிகுறியாக இருக்கிறதேயல்லாமல் மற்றொன்றுக்கு வழியே இல்லை. ஆகையால் அதில் இத்தனை **percentage** தான் வரக்கூடியதென்றும் வராதென்றும் வியாபாரிகள் தெரிந்துதான் எழுதுகிறார்கள். அவர்கள் பொய் எழுதுவதினால் லாபம் ஒன்றுமில்லை. கணக்குப் பார்க்கும்போது அவர்கள் லாபத்தை மட்டில் கணக்குப் பார்க்கிறதில்லை ; அசல் தொகையையும் சேர்த்துப் பார்க்கிறார்கள். அவ்விதமிருக்கும்போது எதற்காகவேண்டி அவர்கள் தள்ளிவைக்கவேண்டுமென்று வியாபாரிகளுக்குத் தெரியும். இவ்வித வரி போடுகிறதற்கு முன்னால் வரக்கூடியதில்லை (**bad debts**) யென்று எழுதிவைக்கிறார்களோ, அதை எப்படி **Income-tax**-ல் நீக்கி விடுகிறார்களோ அப்படியே நீக்கி வைக்கவேண்டுமேயல்லாமல் விற்பனையாகிவிட்டதென்று புஸ்தகத்தில் இருப்பதால் மட்டும் வரி போடுவது நியாயமில்லை. இத்துடன் இதை ஆமோதிக்கின்றேன்.”

3 p.m. The amendment was put and declared lost and on a poll being demanded, the bells were rung.

MR. SPEAKER :—“ Hon. Members will please occupy the seats allotted to them.”

* THE HON. SRI C. RAJAGOPALACHARIAR :—“ In fact I was going to ask you, Sir, to permit me to state why I could not accept the amendment; but at any rate the question may be put, Sir.”

MR. SPEAKER :—“ I thought that the Hon. the Premier did not consider it necessary to rise. However, I shall put the question a second time after the Premier's reply.”

* THE HON. SRI C. RAJAGOPALACHARIAR :—“ I feel that the Tamil speech requires a reply. The hon. Member started with a very grave charge, namely, that this tax is simply put on to ruin the traders and he developed the point further by saying that we really did not know business affairs and that, therefore, we were going on like this. It is due to me to say that I am neither so ignorant nor malevolent as the hon. Member sought to make out. I do not think that any debt can be called a bad debt in the year the goods are sold or in the next year or even in the next year after that. How far are we to wait to deal with the provision of this Act fixing the turnover? How many years shall we have to wait for saying which is a bad debt and which is not? Therefore, the amendment comes to this that they want an actual transfer of money from the Government to the

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businessman when ultimately the thing is put down as bad debt. It is true that first-class firms which are represented by some of the hon. Members who have spoken previously might have correct books and there may be an audit of their accounts and they might have a list of bad debts. But the point is that a provision of this sort would apply to all dealers as defined under the Act and every retail dealer, whether he keeps correct accounts or employs auditors or not, will claim that a certain item should be excluded from the turnover on account of its being a bad debt. I fear it is not workable. Therefore, what hon. Members should press for should be in connexion with the fixation of the dates in consideration of these difficulties. This is not the way to make a complaint. It is not by introducing an amendment of this kind that we can deal with the normal difficulties of business. I, therefore, have to say that this amendment may be accepted by an unbusinesslike Government but not by a businesslike Government."

MR. SPEAKER:—" I shall now put the question—

'Insert *the following as item (iv) of the explanation:*—

" (*iv*) *the amount of any bad debt incurred by a dealer shall not be included in his turnover; provided that when any debt which has been written off as bad or any part thereof is subsequently recovered by a dealer, such part thereof as is recovered shall be included in the dealer's turnover in the year of recovery* ".' "

The amendment was put and declared lost, and a poll was demanded.

MR. SPEAKER:—" I suppose the House is ready for a division and all hon. Members are in the seats allotted to them."

*ABDUL HAMEED KHAN SAHIB BAHADUR:—" On a point of order, Sir, I submit that the division could not proceed without the bells being rung."

MR. SPEAKER:—"If the hon. Member wants to have the pleasure of hearing the bells, he shall have it."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Very often . . ."

MR. SPEAKER:—" It is not necessary. If you want the music of the bells ringing for two minutes, the bells shall be rung. I will not deny that pleasure to the hon. Member."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" It is necessary, Sir, because . . ."

MR. SPEAKER:—" I think it is not necessary but it shall be rung because the hon. Member wants it. In fact, the bells are ringing."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I do not want any personal concessions."

A poll was taken and the House divided thus:

Ayes.

1 Kumararaja M. A. Muthiah Chettiar of Chettinad.
2 *Khan Bahadur Mahmud Schamnad Sahib Bahadur.*
3 Adim olam Jama lar.
4 Sri Diwan Bahadur A. Appadurai Pillai.
5 Khan Bahadur P. M. Attakoya Thangal Sahib Bahadur.
6 Sri B. Bhaktavatsalu Nayudu.
7 S. Ghouse Mohid en Sahib Bahadur.
8 Akram Ali Sahib Bahadur.
9 Sri Grandhi Venkata Reddi.
10 Abdul Hameed Khan Sahib Bahadur.
11. K. Abdur Rahman Khan Sahib Bahadur.
12 H. S. Hussain Sahib Bahadur.
13 A. K. Kader Kutti Sahib Bahadur.
14 Muhammad Rahmatullah Sahib Bahadur.
15 V. S. T. Shaik Mansoor Tharanganar Sahib Bahadur.
16 S. K. Shaik Rowther Sahib Bahadur.
17 D. Saiyed Ibrahim Sahib Bahadur.
18 Mahboob Ali Baig Sahib Bahadur.
19 M. Ahmed Batcha Sahib Bahadur.
20 Mr. W. K. M. Langley.
21 „ G. H. Hodgson.
22 „ D. M. Reid.
23 „ G. E. Walker.
24 „ H. S. Town.
25 „ R. M. Palat.
26 Khan Bahadur Khalif-ul-lah Sahib Bahadur.

Noes.

1 The Hon. Sri C. Rajagopalachariar.
2 The Hon. Sri T. Prakasam.
3 The Hon. Mr Yakub Hasan.
4 Sri A. Kaleswara Rao.
5 „ T. Viswanatham.
6 „ K. P. Yegneswara Sarma.
7 „ V. Venkatasubbayya.
8 „ R. Venkatasubba Reddiyar.
9 „ P. Venkatarama Ayyar.
10 „ K. Venkatappayya.
11 „ R. Venkatappa Nayudu.
12 „ B. Venkatanarayana Reddi.
13 „ P. T. Venkatachari.
14 „ B. Venkatachalam Pillai.
15 „ Venkata Reddi, Gopavaram.
16 The Hon. Sri V. I. Muniswami Pillai.
17 The Hon. Sri V. V. Giri.
18 Ahmed Tambi Muhammad Mohideen Maracair Sahib Bahadur.
19 Sri A. B. Shetty.
20 „ N. S. Varadachari.
21 „ K. Varadachariar.
22 „ P. Syamasundara Rao.
23 „ K. V. R. Swami.
24 „ C. P. Subbiah Mudaliyar.
25 „ P. Subbiah.
26 „ K. Subba Rao.
27 „ M Subba Rao.
28 „ P. S. Srinivasa Ayyar.
29 „ D. S. Prasad.
30 The Hon. Sri S Ramanathan.
31 Haji P. I. Kunhammad Kutty Sahib Bahadur.
32 The Hon. Sri C. J. Varkey.
33 Sri M. Bapineedu.
34 „ *M. Bhaktavatsalam.*
35 Sri H. Sita Rama Reddiyar.
36 „ B. T. Seshadriachariar.
37 „ K. Shanmugham.
38 „ L. Sattanatha Karayalar.
39 „ V. J. Samu Pillai.
40 „ K. Sakthivadivelu Gounder.
41 „ N Ranga Reddi.
42 „ A. Rami Reddi.
43 „ K. S. Ramaswami Gounder.
44 „ D. V. Ramaswami.
45 „ A. Ramalingam.
46 „ R. B. Ramakrishna Raju.
47 „ A. K. A. Ramachandra Reddiyar.
48 „ R. Raghava Menon.
49 „ B. Perumalla Nayudu.
50 „ M. P. Periyaswami.
51 „ P. Pedda Padalu
52 „ C. R. Parthasarathi Ayyangar.
53 „ M. Pallam Raju.
54 „ M. G. Natesa Chettiyar.
55 „ D. Narayana Raju.
56 „ V. V. Narasimham.
57 „ C. Narasimham.
58 „ P. L. Narasimha Raj.
59 „ D. L. Narasimha Raju.
60 „ S. Nagiah.
61 „ N. Nagaraja Ayyangar.
62 „ S. Nagappa.
63 „ K. A. Nachiappa Gounder.
64 „ M. Marimuthu.
65 „ P. Madhavan.
66 Swami A. S. Sahajananda.
67 Srimathi K. Lakshmi Ammal.
68 „ V. Lakshmi Ammal.
69 Sri P. Lakshmanaswami.

Noes—cont.

70 Sri C. Venkata Reddi.
71 Srimathi A. V. Kuttimalu Amma.
72 Sri V. Kurmayya.
73 „ K. Kuppuswami Ayyar.
74 „ P. S. Kumaraswami Raja.
75 „ K. Kulasekaran.
76 „ L. Krishnaswami Bharathi.
77 „ S. Krishnan.
78 „ K. Koti Reddi.
79 „ K. Kolandavelu Nayanar.
80 „ A. Karunakara Menon.
81 „ K. R. Karant.
82 „ E. Kannan.
83 „ K. Kamaraja Nadar.
84 „ Jebamoney Masilamoney.
85 „ K. Ishwara.
86 „ S. Guruvulu
87 „ V. J. Gupa.
88 Sri C. K. Govindan Nayar.
89 „ D. Govinda Doss.
90 „ A. R. A. S. Doraiswami Nadar.
91 „ M. Doraikannu.
92 „ M. P. Damodaram.
93 „ T. S. Chokkalingam Pillai.
94 „ P. Chinnamuthu.
95 „ O. Chengam Pillai.
96 „ K. Chandramouli.
97 Dr. A. Chandoo.
98 Sri V. Bhuvarahan.
99 „ Y. V. A. Bhaskara Rao Mahasayo.
100 „ Muthu Kr. Ar. Kr. Arunachalam Chettiar.
101 „ B. Anantachar.
102 Srimathi G. Ammanna Raja.

Neutrals.

1 Basheer Ahmed Sayeed Sahib Bahadur.
2 Sri T. T. Krishnamachariar.
3 „ G. Krishna Rao.

Ayes 26. *Noes* 102. *Neutrals* 3.

The amendment was lost.

Clause 2.

THE HON. SRI C. RAJAGOPALACHARIAR:—" I move the following verbal amendment standing in my name:—

'*Reletter* the sub-clauses in the alphabetical order'."

The amendment was put and carried.

Clause 2 as amended was put and carried.

Clause 3.

MR. SPEAKER:—" With regard to clause (3), there are 6-1
numerous amendments. I consider it better that one Member who p.m.
has given notice of a large number of amendments moves all the amendments and other Members also move their amendments: there will be a general discussion, instead of our taking up amendment after amendment, as there will be no time for all Members to speak. Is it convenient to the Opposition?"

Some Members of the Opposition:—" Yes."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" May I make a submission, Sir? Even under this clause, there are various categories of amendments. If you divide them into groups, they can be taken up group after group."

MR. SPEAKER:—" In that case we shall take amendment after amendment. But that will not give opportunities for all members to speak."

* SRI G. KRISHNA RAO:—" May I submit, Sir, that this clause is the central and principal clause of the Bill? It is the operative clause and most of us have given amendments under this

clause. Some of them are to fix the amount of turnover to be taxed; some refer to the reduction of the rate of tax. And I think all of us are agreed that some reduction of rate should be given; and the difference is only in the degree of rate."

MR. SPEAKER:—"That is why I suggest that all the amendments may be moved together that appear in the list against one member, and others also may move their amendments, and there will be a general discussion. It will be convenient for the Members of the Opposition as well as for the Treasury Bench to deal with the whole matter."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I submit, Sir, I have a difficulty in accepting the suggestion. I have given notice of alternative amendments. I have said if one-eighth per cent is not accepted, one-fourth per cent may be accepted. So, I cannot move both the amendments at one stage."

MR. SPEAKER:—"You may say, 'If this amendment is lost, I will move the other amendment,' and people may have a general discussion upon the advantages of the one-eighth per cent, one-fourth per cent and so on, and the amendments will be put to vote separately."

MR. H. S. TOWN:—"I agree."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Sir, I only wish to draw your attention to two main amendments that are contained in this group of amendments. You will realize that the discussion on the amendments relating to the limit will be different from that on the amendments relating to the rate. The arguments that will be put forth on the floor of the House with regard to exemptions and raising the limit from 15,000 to 20,000 rupees will be different. So also with regard to one-eighth per cent and one-fourth per cent. Therefore, I would suggest that you take the amendments as they are in the agenda. Surely, I will say, no member will repeat arguments."

MR. SPEAKER:—"It is not a question of repetition of arguments. There will be a great handicap for hon. Members in speaking upon various amendments. If all the amendments are moved, there can be a general discussion on this principal and operative clause of the Bill."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I submit, Sir, that even the chief amendments suggested are of such a nature that a general discussion is not possible, as each one of them is a natural corollary of the other. Therefore, it is necessary that the ordinary procedure should be adopted so far as the detailed discussion of this particular clause is concerned. I can assure you, Sir, of one thing, and that is that nobody will repeat arguments."

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Mr. SPEAKER:—" There has been much repetition on this Bill already. Still it was tolerated, as I did not want to shut out any hon. Member. The same thing will happen now; and the discussion will lose its pointedness. If the Leader of the Opposition thinks it is advantageous to the Opposition, I have no objection."

Kumararaja MUTHIAH CHETTIYAR of Chettinad:—" I think it is advantageous to discuss amendment by amendment."

Mr. SPEAKER:—" I think it is not advantageous to do so."

Kumararaja MUTHIAH CHETTIYAR of Chettinad:—" In my own humble view, I say so, Sir."

ABDUL HAMEED KHAN SAHIB Bahadur:—" I submit there are three categories of amendments. One category is with reference to the limit of turnover; the second category is with regard to the rates in the slab, whether the slab should be there or not; and the third is with regard to the percentage of the tax."

Mr. SPEAKER:—" I say that all the categories may be moved together, and they will be all put to vote one after another."

ABDUL HAMEED KHAN SAHIB Bahadur:—" As I submitted before, there are alternative amendments. If the limit of one-eighth per cent is not accepted, then I intend moving one-fourth per cent; and my arguments for one-fourth per cent will be different, if I know that one-eighth per cent will not be accepted. But if I am to move one-eighth per cent and one-fourth per cent side by side, my arguments for both will be the same."

Mr. SPEAKER:—" Does the hon. Member think he will have much argument after finishing one-eighth per cent for the one-fourth per cent? "

ABDUL HAMEED KHAN SAHIB Bahadur:—" The person who speaks will be feeling that he is then arguing a different thing."

* The Hon. Sri C. RAJAGOPALACHARIAR:—" After so much examination and discussion, those who are interested in the amendments appear to prefer the ordinary procedure. It is best to let them have the ordinary procedure of discussion."

Mr. SPEAKER:—" That will finish the debate speedily. (Laughter.) I can disallow all repetition. There will be no opportunity for several other hon. Members to speak. I will shut down all discussion if it is mere repetition of arguments already advanced."

Mr. H. S. TOWN:—" I should be very much upset if I am not expected to move amendment No. 43." (Laughter.)

Mr. SPEAKER:—" I shall have to enforce the rule absolutely, and then Mr. Town will be asked to sit down. (Laughter.) That is the difficulty."

SRI G. KRISHNA RAO:—" As a matter of fact, Sir, if all of us speak on the general amendments, we ourselves won't be willing to move the other amendments after we see the way in which amendments are going on."

MR. SPEAKER:—" After two or three amendments, the interest will be lost, and any member who is found to repeat arguments will be asked to resume his seat."

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:— " The interest is not lost, but killed." (Opposition laughter.)

MR. SPEAKER:—" So I think it is better that Mr. Hameed Khan moves all the amendments that stand in his name and makes a general speech."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" It is my submission, Sir, that I leave out the amendments on rates for the present; that is, all the other amendments excepting those on the rates can be disposed of first. And then when we come to rates, we can arrange them in the order in which they can be moved."

MR. SPEAKER:—" Evidently Mr. Hameed Khan is not prepared for a consolidated speech. So he will move his main amendment, and hon. Members will follow his speech carefully so that they may not repeat his arguments.

" As none of the members of the panel of Chairmen is present in the House, I move that Sri K. Venkatappayya do take the Chair."

The motion was agreed to and Sri K. Venkatappayya took the Chair.

Sub-clause (i).

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Mr. Chairman, I believe that after having dealt with the definitions, which certainly do constitute a very important part of this Bill, we have now come to what may be called the operative section of the Bill. In this Bill, if there is anything which has to be considered after accepting the principle of the measure, it is this clause. This clause, we find, consists of various parts. One of them deals with the exemption of certain class of dealers. Item (*a*) of clause 3 reads as follows:—

> " (*a*) If his turnover does not exceed twenty thousand rupees in a year—Five rupees per month."

-30 .m. " The amendment that I move, Sir, is—

> ' Omit *item* (*a*) *under this sub-clause*.'

" My object in removing this item in this sub-clause is to exempt the class of dealers whose turnover at the end of the year does not exceed Rs. 20,000 in a year. Of course, if this amendment is carried there will be another consequential amendment which will

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have to be accepted and that is to delete the proviso which follows. I shall await the result of the voting on this amendment before coming to the proviso. Sir, it would be realized that in the proviso we find that a dealer whose turnover in any year is less than Rs. 10,000 shall not be liable to pay the tax under this sub-section in that year. A class of dealers whose turnover is less than Rs. 10,000 are exempted from this turnover tax, whereas my object in moving this amendment is to exempt even that class of dealers whose turnover comes up to Rs. 20,000. I need not advance many arguments in support of this amendment for it is realized that the class of dealers who will be exempted if the limit is restricted to Rs. 10,000 will be those pan-wallahs and petty dealers whose daily sale does not exceed Rs. 28 or Rs. 30 per day; their number, it would be realized, Sir, is certainly much, not only in the urban areas but more so in the rural areas. After all, who are they, Sir? They are people whose capital is certainly not appreciable. Their capital may not exceed Rs. 50 to Rs. 100. With a capital of Rs. 50 or Rs. 100 and any goods which they get on credit from various wholesalers they are in a position to effect a sale for Rs. 28 to Rs. 30 a day. I do not think this Bill takes into consideration the profit or loss of the poor man and it does not take into consideration the meagre profit which he makes at the end of the day after a turnover of Rs. 28 or Rs. 30 a day. He sells articles from which he does not make more than a pie in a rupee. He deals in a large number of articles on which he gets very meagre profits. There may be a very small percentage of the articles and commodities on which he is able to make 2 pies or 3 pies in the rupee. Therefore, it is realized that the poor man whose turnover is Rs. 28 or even Rs. 30 a day does not make a profit of 4 annas or 8 annas in the course of the day and he is exempted under this proposed Bill.

"But, I believe, Sir, that even the dealer whose turnover is Rs. 50 or Rs. 55 a day is certainly not a large dealer. He is also a petty dealer who deals in articles of the same character and he also does not make substantial profits although he might be able to sell for Rs. 50 a day, and, as I said in the former case, the commodities in which he deals are of such a character that he is not in a position to make appreciable profits. He also is not a dealer who can start with a large capital of his own; he starts with a very small capital of his own and having started that business he gets credit from wholesale merchants and with that credit he is able to carry on. He belongs to that class of people who for want of any better profession, any better calling, willy nilly take to this business although it is not a very profitable business. If he is called upon to pay a pie in the rupee according to this half-a-per cent or even Rs. 5 a month, that is Rs. 60 per annum, I would like to draw the attention of this House to the iniquity of levying a tax on one who does not possess capital, does not make much profit, but

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has to incur large expenditure in the shape of rent for the shop, lighting and various other items of expenditure which certainly reduce very much the little profit that he is able to make. Therefore, if there is any principle or any purpose in exempting, as originally intended, the class of dealers whose turnover does not exceed Rs. 10,000, I say, Sir, there is a better case for these persons whose turnover does not exceed Rs. 20,000. I accept this Rs. 20,000 because, we accept at present the principle of the Bill which will inevitably become law. All that we can do now is to mitigate the evil effects of this Bill and exempt a certain class of poor merchants, who, according to the Hon. the Premier, are the people who will have to sell their goods, particularly the necessities of life, to the villagers and to the agriculturists. I therefore hope, Sir, that the Hon. the Premier as he himself has argued, will agree that these petty merchants, who are to help the agriculturists to get his necessaries of life at advantageous prices should not be burdened with this tax. I propose at least the dealer's point should be exempted.

"Sir, there is the question of maintenance of accounts. I know that even those persons who are exempted will have to maintain certain accounts, because unless they show that their turnover does not exceed Rs. 10,000 or Rs. 20,000, they will not be exempted. But, at the same time, it will be realized that the assessor, whoever is appointed to assess the turnover of a particular class of dealers, will certainly go upon certain ideas of values of the turnover on which he assesses those dealers. Otherwise they will actually have to produce their accounts. There will not be much difference between the dealer whose turnover is Rs. 10,000 and one whose turnover is Rs. 12,000 or Rs. 15,000 so far as the categories of the dealers are concerned. It will be very difficult for the assessor to find out who is actually having a turnover of Rs. 20,000 or Rs. 15,000 or Rs. 10,000. Therefore, it is necessary even in order to make these estimates or to remove the difficulties on the part of the assessor, that we should put all these people who look alike in one category, instead of having the administrative difficulty of having to differentiate one from the other For all practical purposes they belong to the same category. Therefore, it is much better to put all these people belonging to one and the same category together and exempt them. This is my object. My object is to shift the burden from the small dealer and consequently from the very poor agriculturist who buys his necessaries from these petty dealers. I want to remove the burden from the price of the articles which are very necessary for the agriculturist's livelihood and also to remove, so far as the administration is concerned, the difficulty of having to classify the people *who for all practical purposes belong to the same category.* Therefore, Sir, I move this amendment and I am sure that the Hon. the Premier, who has himself accepted the principle of exemption of certain classes of people, will not find it difficult to exempt

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the smaller people who cannot be separated from that class of people whom he wants to exempt. I hope, Sir, that my Hon. Friend the Premier will accept this amendment. After all he does not intend to make this tax a heavy burden upon the class of people who cannot bear the burden. So, Sir, I move that in clause 3, sub-clause (1), item (*a*) be omitted."

The amendment was duly seconded.

MR. CHAIRMAN :—" Was it not understood that all the amendments should be moved by you? "

ABDUL HAMEED KHAN SAHIB BAHADUR :—" No, Sir."

* MR. H. S. TOWN :—" As Government are aware, Sir, in my amendment I am asking for a reduction in the rate. I have discussed this matter in the Select Committee at very full length and there is very little I can add to what I said there, although I may not tell this House exactly what I did say there. But I gather from the discussions that I have had that the Government do not feel at all prepared to make any reduction, their reason being that if the amount of this tax is reduced, it will not give them sufficient money to carry out the programme that they have in view. In other words the Government—I think it was said in the introduction stage of the Bill—want to get sufficient money to be able to show people ' We have taken from you by one hand, but we have given you back by the other.' Now, this is all very well. But, I may refer to an expression of the Hon. the Premier some time back in which he talked about pricking them here, pricking them there and drawing no blood. Sir, many years ago when a doctor found that his patient had blood pressure, he applied leeches to his patient. The skilled doctor applied just enough leeches to take away the blood pressure of the patient and bring him back to normal. The unskilled doctor applied too many leeches; leech after leech fell off; the patient became weaker and weaker and died of anæmia. 6-45 p.m.

(At this stage Mr. Speaker resumed the Chair.)

" Now, Sir, the Premier may draw the blood. Let him draw as much blood as he can. But, Sir, I would ask him to be careful not to draw too much blood. Sir, I have myself seen and in many occasions of blood-letting . . ."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I am not objecting to the parable, Sir. But I just want the information whether we are dealing with all the amendments together."

MR. SPEAKER :—" Mr. Abdul Hameed Khan's amendment is the only amendment moved now."

* MR. H. S. TOWN :—" When am I to speak on mine, Sir? "

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Mr. SPEAKER :—" If you are particular I shall give you an opportunity at the proper time. I cannot say that now. I will certainly give you an opportunity for a general speech, but not on this. We shall proceed quickly so as to give an opportunity for people who want to speak generally."

Sri G. KRISHNA RAO :—" May I know, Sir, what procedure is to be adopted now? "

Mr. SPEAKER :—" Mr. Abdul Hameed Khan's amendment will now be put to vote."

Kumararaja MUTHIAH CHETTIYAR of Chettinad :—" It is a favourite subject for me, Sir, for I have dealt with the subject at great length for a number of hours in the Select Committee."

Mr. SPEAKER :—" Even previously. You have done it already on two occasions, at least, to my recollection."

Kumararaja MUTHIAH CHETTIYAR of Chettinad :—" On what, Sir? "

Mr. SPEAKER :—" On the amendment that the item may be omitted, i.e., on the substance of this motion. But you can go on."

Kumararaja MUTHIAH CHETTIYAR of Chettinad :—" I might have said, Sir . . ."

Mr. SPEAKER :—" You did say."

Kumararaja MUTHIAH CHETTIYAR of Chettinad :—" I might have said when the Bill was introduced that I hoped that the Select Committee will take into consideration the opposition in the country and will be sensible and good enough to reduce the rates, that is about the limit. I might have said in that connexion; but I assure you I have not yet spoken on the motion made by my hon. Friend, Mr. Abdul Hameed Khan. If I had spoken I would not be standing now."

Mr. SPEAKER :—" I suppose you are not precluded from standing."

Kumararaja MUTHIAH CHETTIYAR of Chettinad :—" I am precluded from speaking on the motion twice."

Mr. SPEAKER :—" On this motion you have not spoken. The House knows it and everybody knows it."

Kumararaja MUTHIAH CHETTIYAR of Chettinad :—" I am very grateful to you, Sir, for now telling the House that I have not spoken."

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MR. SPEAKER:—" Everybody knows it; it is an elementary thing."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Sir, you first gave me the impression that I have spoken."

MR. SPEAKER:—" I should say that the hon. the Leader of the Opposition spoke on the substance of this motion. He is expected to understand that much. On this motion he may speak; he is not precluded, and nobody is precluded, from speaking."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I now understand the fine distinction between substance and motion."

MR. SPEAKER:—" Absolutely. Nobody has spoken yet on the motion except two people."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I am glad to be the third speaker, Sir. This is a matter even worth repeating. I am not repeating, however, for the sake of repetition or for the sake of emphasis. I say sincerely that the object of this motion is merely to relieve the small merchant who sells for sixty rupees a day. I ask, Sir, whether it is necessary for this piece of legislation to cover even those small persons who eke out their livelihood by their own daily labonr. I should presume that the person who sells for sixty rupees a day is one who is his own proprietor, manager, clerk, salesman, store-keeper, godown-keeper, everything—and, according to the Premier, tax-gatherer. I want that he should be saved from that last and unenviable job. That is my request when I speak on this motion.

" Sir, it will be conceded that small traders and merchants, several of them running businesses in such a manner as to come under the purview of the local boards and municipal councils—I refer particularly to hotels and hotel-keepers who will be selling for sixty rupees a day—are already paying licence-fees and such other things. My hon. Friend, Mr. Varadachari, says that hotel-keepers can afford to pay this. I shall certainly entreat him, Sir, to merely send out a circular about this to the hotel-keepers; Mr. Varadachari will know the result immediately. The hotel-keepers will strongly protest. There are several other traders like them who have taken licences for carrying on business. Already they are taxed. Therefore they should not be taxed again. The reasons why they should not be taxed are threefold. One is that it is not necessary for the Government to collect this amount from the people. Secondly, they are petty merchants who are already paying tax in some form. Thirdly, for paying this small tax, they will have to pay it quietly without demur or they will have to produce accounts to show that they do not come under the purview of this five rupees tax. Probably a person would be prepared to pay this five rupees. But the assessing officer may say that he comes under category (*b*), i.e., that he has an income

of over Rs. 20,000 and that therefore he will have to show his accounts. The person should keep such accounts to satisfy the assessing officer. I have been told by several persons that they will have to engage clerks on Rs. 25 and Rs. 35 a month. I feel strongly that there is absolutely no justification to have this limit and it will be a nice gesture if the Government consider the removal of this clause.

"It would have interested this House very much if the Hon. the Premier had told earlier when he moved that the Bill be taken into consideration, what amount of money he expects from this five rupees tax on these people. I cannot say what argument I will be able to put before him. It all depends upon his arguments. We do not have the opportunity. I do not blame the Government for not being able to give it. I do feel that the Government have not the information. I had said that if the Government had the information they would have given the same. They are feeling their way. But feeling the way and at the same time penalizing small merchants is not fair. I plead very strongly that these people should be saved for many reasons. I feel that five rupees is a strong reason. The stronger one is that they will be put to enormous trouble by way of maintenance of accounts. It may be that they have to pay sixty rupees per year as tax; but to pay only sixty rupees they may have to prove that they are liable to pay only that much; for which purpose they will have to spend Rs. 360 a year to maintain a clerk at Rs. 30 per month. That being so, Sir, I would ask hon. Members of this House to realize that we need not tax these petty traders. The Hon. the Premier would come and say that all members of the Opposition have opposed the Bill at one stage or another; that the public oppose it at another; that here the definition with regard to dealer and turnover is opposed; and he may ask us as to what will finally be left. But I may tell him, Sir, that if the Bill had been more clear than what it is now and if it had been more precise, the Opposition could also be more definite. The Opposition could decide that on certain points we will agree and on certain points we will not agree. But here, Sir, it is vague. Probably it is this vagueness that is responsible for the wholesale attack of this Bill by the public as well as members of the Opposition."

MR. SPEAKER:—"Are you talking about the amendment or the whole Bill, Mr. Muthiah Chettiyar?"

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I am strengthening my argument."

MR. SPEAKER:—"But you see there must be a limit to the strengthening of the argument."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I am strengthening my argument by saying, 'Though the Opposition and the public have opposed the other provisions of the Bill

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and the Bill in general, their opposition to this particular amendment is also justified.' I submit, Mr. Speaker, that I am quite right, that I am within the proper procedure when I refer to this particular clause and see that my argument in support of this amendment is strengthened, because though the public have opposed the other clauses, they are opposing this more than ever. That is what I want to make out.

"Sir, several estimates have been suggested with regard to the number of persons. Some have said it will be one lakh of persons; some have said it will be more or less. But I can tell you I will not hazard any argument, because this is a hopeless job. Probably, the Premier has heard an estimate of seventy-five thousand. I do not say he estimated . . ."

MR. SPEAKER:—"I suppose cross-conversations will cease hereafter."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"It is not a cross-conversation, Sir."

MR. SPEAKER:—"I call the Leader of the Opposition to order. He must see that there is no cross-conversation between him and the Treasury Bench and he will proceed with the argument and not comment upon the remarks made by the Chair."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I am sorry I embarrassed you, Sir."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I am very thankful to the Leader of the House.

"Mr. Speaker, I would very strongly appeal to the Govern- 7 p.m. ment to consider this amendment very seriously. I no doubt agree that it will not be easy for the Prime Minister to make up his mind, for the object of this measure is to raise a huge revenue for reasons that appeal to him. That being so, forgoing all revenue is a matter for serious consideration. I can only say that the arguments put forth by the Opposition for revising his opinion are sound and if he is serious, he will not mind forgoing this revenue. It is difficult to forgo money. I believe that the support that he will have now will always be available. May I therefore repeat the request that he may think over the matter to-night as the meeting is likely to adjourn now at 7 o'clock?"

MR. SPEAKER:—"The House is not adjourning at 7 o'clock to-night."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I thought ordinarily it would rise at 7 p.m."

MR. SPEAKER:—"Ordinarily 8 o'clock; but to-day not even 8 o'clock."

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KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"That does not matter. I will come to that point later on. I shall confine myself to the motion now."

MR. SPEAKER:—"You have mixed up unnecessarily."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I was suggesting, Sir, and I am perfectly right in suggesting to the Prime Minister to think over and come to a conclusion."

MR. SPEAKER:—"But the observation in regard to the adjournment at 7 o'clock is absolutely out of place. The Leader of the Opposition may go on with his observations relevant to the motion."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"You may rule that the House may sit longer. But ordinarily it will adjourn at 7 o'clock."

MR. SPEAKER:—"It does not ordinarily adjourn at 7 o'clock. This is a Finance Bill."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I submit that what we decided was informal and nothing was decided definitely."

MR. SPEAKER:—"Ordinarily it was understood that the concluding hour will be 8 o'clock, but this is an extraordinary Bill and the House may have to sit the whole night, if necessary. (Laughter.) Members may desire to speak and every opportunity will have to be given to them."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I would suggest that this matter be considered later on."

MR. SPEAKER:—"Nothing will be considered later on. The hon. the Leader of the Opposition will go on with his speech on the amendment."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Quite so, Sir. I will speak about the time later on."

MR. SPEAKER:—"If necessary."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I think it may be necessary, Sir.

"Sir, I have practically finished what I have to say on the amendment moved by my friend Mr. Abdul Hameed Khan and I will only say that these are all amendments which the Opposition expect the Government to accept."

Khan Bahadur P. Khalif-ul-lah Sahib Bahadur rose from his seat.

MR. SPEAKER:—"Do you propose to speak on this amendment?"

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KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR:—"Yes, Sir."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I know, Sir, you . . ."

MR. SPEAKER:—"Hereafter, members should know how to address the Chair. The second person ought not to be used when addressing the Chair."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Thank you, Sir. I always observe decorum. It has always been used here in the past."

MR. SPEAKER:—"The Chair has allowed so much indulgence to the Members of the Opposition, but it ougbt not to be abused in this fashion."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I may assure the Chair, Sir, that the Chair having allowed so much indulgence in the past had practically made us forget the correct use. . ."

MR. SPEAKER:—"Nobody has forgotten it. This sort of commenting when a ruling is given is improper and the hon. the Leader of the Opposition will hereafter not use the second person when addressing the Chair."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Mr. Speaker, I wish to draw the attention of the Chair to the informal understanding arrived at some months ago when we were discussing the hours of work that, except during budget time, we ordinarily sit from 3 to 7 p.m. Sir, we—some of us at any rate—have been under the impression that the House may be adjourned at 7 o'clock. Now I wish to know from the Chair, whether the House is likely to be adjourned now to meet to-morrow at 3 o'clock as usual, or how long the House is likely to sit. I may submit, in this connexion, to the Chair that some Members have been under the impression that the House may rise at 7 o'clock, as it is not a budget meeting. Though this may be a Finance Bill, there is great difference between a Finance Bill and a budget. This is our impression, Sir. I would like the Chair to tell us how long we are likely to sit to-day."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Usually, Sir, adjournment of the House, according to parliamentary procedure, is a matter for the House to decide. The Chair, however, has, so far as we are concerned, heen able to secure the unanimous consent of the House on all such occasions and a declaration from the Chair has been practically accepted by all without demur. I am sorry that the question of hours has been taken up now with

so much heat, if I may say so. Since it has been raised, I have to submit on behalf of the House that I move that we sit till 8 o'clock to-day, Sir."

MR. SPEAKER:—"No motion is necessary. As a matter of fact the understanding was—and even that was a limited understanding—that ordinarily even on non-budget days. . . "

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Non-budget days?"

MR. SPEAKER:—"It is not a question of non-budget days, Mr. Abdul Hameed Khan. 'Financial business' that was the word."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I am sorry I remember very differently."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I would request the Chair to send for the printed copy of the Proceedings."

MR. SPEAKER:—"Not necessary. I say financial business is the most important, whether it is budget or not. This is as good as the budget, probably more important than the budget itself, I should say. The House will sit not exactly till 8 o'clock; it will rise at a convenient hour. Supposing we are in the middle of a division, the House will not rise. There are instances when the House cannot be adjourned. Suppose the decision of the Chair on the result of a vote is challenged and a division is claimed and so forth; the House cannot be adjourned. So, ordinarily, the House will be adjourned at 8 o'clock. But the House may have to sit for some time longer. Suppose a reply is being given by the hon. Member and it may be closed and then a division is asked for, the House will have to sit till half-past eight or a quarter to nine. It is not a question of being strictly and technically guided by the clock, because, as I have already said, the House is sitting for very few hours. We are not working here like the House of Commons sitting from 3 p.m. to 11 p.m. This House is turning out minimum work. The Members of the Legislature will have to work hard when an important Bill comes, except under very extraordinary circumstances as on Monday last, when a concession was shown to the Leader of the Opposition. A very great concession was shown that day because a mistake was committed by some people; I would not have allowed it, but on a special request it was allowed as a *concession*. Therefore, ordinarily speaking, I should say the House will have to sit, say, till 8 o'clock. That is the understanding"

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Will the Chair kindly permit me to make a statement? I am sorry I have to make a statement at this stage."

MR. SPEAKER :—" I have given the ruling. I do not like anybody to speak on this. I think no representation need be made at this stage. After 8 o'clock, I will hear representations. It may be unfortunate. I must proceed with the amendment. I would not allow any other discussion, unless this amendment is disposed of."

MAHBOOB ALI BAIG SAHIB BAHADUR :—" On a matter of information, Sir. The Chair was saying that some understanding was arrived at. I want to know between whom this understanding was arrived at. Was this House a party to that understanding?"

MR. SPEAKER :—" Well, the Rules Committee came to a certain understanding; it was not a resolution—that is the information. We will proceed. Is there any other Member who wants to speak?"

* KHAN BAHADUR P. KHALIF-UL-LAH SAHIB BAHADUR :—" I was on my legs, Sir, when the trouble arose. Speaking on this amendment, Sir, I must first of all request the House to bear in mind whom this amendment is supposed to benefit. It refers only to people whose turnover does not exceed Rs. 20,000. As previous speakers put it, it means that it affects people doing a business of about Rs. 55 or 56 every day and at once I may state, Sir, that this certainly does not refer to wholesale dealers who deal on a much larger scale than Rs. 56 every day. It certainly does not refer to merchants in urban areas. It refers only to merchants who carry on business in small villages or rural areas altogether. There may be a few even in towns who come under this category and even they, Sir, require this much relief at the hands of the Hon. the Premier. Perhaps, as I said, most of these merchants are rural merchants. We have heard it said both in this House and outside that the Bill is meant for taxing the urban people and giving relief to men in the rural areas. It is on the same basis that I plead before the Hon. the Premier that he would kindly agree to this amendment. More than this, Sir, people who have close touch with businessmen in rural areas, will know that most of the trade is carried on only on credit. It is only just a few minutes back, that this House threw out an amendment which was meant for the relief of most of these people and not only the bigger merchants. I mean most of these rural traders have to carry on their trade on credit or they have to get out of the trade altogether. It is a matter of common knowledge that most of these credits finally are not paid; they have to be written off. I may also state in this connexion, Sir, that these rural merchants do not even have accounts. They carry on 7-1 p.m.
this credit more or less from memory. Such being the case, most of these credits have to be written off at some time or

other. Just now the House has thrown out an amendment meant for safeguarding the interests of the merchants so far as bad debts are concerned. In view of that, I plead that at least this amendment may be accepted by the House for the simple reason that this relief is meant mostly for the rural merchants and certainly not for the merchants in the cities.

"Again, Sir, so far as these people are concerned, as the previous speakers have stated, this lands most of these merchants in endless trouble. I have some practical knowledge of the working of the Income-tax Act, and therefore, I may tell the House with some authority,—I hope I will not be contradicted—that it is only the lesser fry that suffers most by these taxation measures. Therefore it should be the purpose of a responsible Government like the Congress Government in Madras to come to the rescue of these smaller merchants. By doing so, they will be only keeping their election promises that they will safeguard the interests of the villagers. After all, we have been told that the Government does not expect proportionately much from these people. This is also another reason why this exemption should be given. After all, by the collection of Rs. 5 per month from each petty merchant not much money could be got; but the collection will mean a lot of harassment to these petty merchants at the hands of petty servants of the Government. If the tax-collector is likely to be a Deputy Collector or a District Collector, there will not be much of trouble caused. But I am sure that when the rules are framed it will be found that it is not such responsible and respectable officers as the Collectors or Deputy Collectors who will be made responsible for the collection of the tax. This work will necessarily have to be done by the people in the lower rungs of the administration and it will not certainly be to the interests of the petty merchants. The interests of the petty merchants will not be safe in the hands of the petty officers. The Hon. the Premier cannot be unaware of these things. For these reasons I think it is but fair and just that this clause should be removed altogether from the Bill."

*D. S. SAIYED IBRAHIM SAHIB BAHADUR :—" அக்கிராசனாதிபதியவர்களே, இப்பொழுது ரூ. 20,000க்கு கீழ்ப்பட்டவர்களை விட்டுவிட வேண்டுமென்று சொல்லுகிறார்கள். அவ்வாறு செய்யவேண்டியது ரொம்ப முக்கியம். ஏனென்றால் அதைவிட ஒரு நாளொன்றுக்கு லக்ஷக்கணக்காக வியாபாரம் செய்யும் தங்கம், பொன், வெள்ளி, நகை யாபாரிகளை விட்டுவிடுவதற்கு நமது பிரதம மந்திரியவர்கள் எவ்விதம் இணங்கி ட்டார்களென்பது எனக்குத் தெரியவில்லை. எதிர்கக்ஷித் தலைவர் ஒப்புக்கொண்டால் அதைப்பற்றி எனக்கு கவலையில்லை. அவர் கோடிக்கணக்காகத் தொழில் பண்ணுகிறவர், தங்கம் வெள்ளி வியாபாரம் ஜாஸ்தியாக இருக்கக்கூடும், ஆகையால் ஒத்துக்கொண்டிருக்கக்கூடும். பணக்காரர்கள் சொல்லியதற்கு இணங்கி ஒப்புக்கொண்டதாகுமே அல்லாது ஏழைகளின் நலனைக்கருதி ஒப்புக்கொண்டதாக ஆகாதென்பதை ஒப்புக்கொள்ளவேண்டும். ஒரு நாளைக்கு 60 ரூபாய்க்கு

10th May 1939] [D. S. Saiyed Ibrahim Sahib Bahadur]

விற்கக்கூடியவருக்கு என்ன லாபம் வரக்கூடுமென்பதை தாங்கள் உணர்ந்திரு பீர்களானுல், அதில் நாம் வரி போட்டால் அவர்கள் எவ்வளவு கொடுக்க வேண்டிவரும் என்பதையும் தாங்கள் நினைக்கவேணடும். 60 ரூபாய்க்கு தொழில் செய்யப்பட்டவர்கள் எவ்வளவு பேர், என்னவிதமானவர்கள், அவர்கள் எந்தத் தொழில் செய்கிறுர்கள் என்பதையும் கவனிக்கவேண்டும். அவர்கள் கடின விலையைக் கொடுத்துப்பெரும்பாலும் கடனுக்கு வாங்கிக் கொண்டுவந்து விற்கிறவர்களாகவே இருப்பார்கள். அபபடி இருக்க அவர்களை exemptio ו பண்ணமாட்டேனென்று சொல்லுவது கொஞ்சமும் நி யமில்லை. தாங்கள் இவ்விடத்தில் இந்த ம சாதாவை introduc፣ பணணும்போதே, " பணக்காரர்களிடத்தில் நாங்கள் வரி போடப்போகிறேம், ஏழைகளுக்கு வரி போடுகிறதில்லை ; பணக்காரர்களெல்லாம் இவ்வித வரியிலிருந்து தப்பித்துக்கொண்டே வந்திருக்கிறுர்கள் ; ஆகையால இவ்விதம் வரி போடப்படுவது ஏழைகளைக் காப்பாற்றுவதற்காகத்தான் " எனறு தாங்கள் சொல்லியிருப்பதை மறந்திருக்கமாட்டீர்களென்று நம்புகிறேன. அப்படியிருக்க இவ்விதமான சொற்ப வியாபாரம் செய்யக்கூடிய ஒரு வியாபாரியின மீது இவ்வித வரியைப்போடுவது அவர்களுககுக் கஷ்டமாயிருக்கும். ஏனென்று கேட்டால் நமது கலிபுல்லா ஸாகிப் சொனனபடி பெரும்பாலும் கிராமாந்தரங்களில் வியாபாரம் செய்யக்கூடியவர்கள் கணக்கு வைததுக்கொண்டிருப்பதில்லை. அவர்கள் வாங்குகிறவர்களிடத்தில் ஒரு புஸ்தகத்தைக்கொடுத்து விட்டு, வாங்க வாங்க அதில் குறித்துக் கொண்டு போய்விடுவார்கள். மறுபடியும் 6 மாதமோ 3 மாதமோ அவர்களுக்குக் கிடைக்கக்கூடியதை வரவு வைத்துக் கொள்வார்கள பெரும்பாலோர் கணக்கு வைக்க லாயக்கில்லாமலிருப்பதினுல் தாங்கள் போடும் அபராதம் அவர்களுக்கு ரொம்ப பாதக மாகுமென்பதை மறந்துவிடக்கூடாது. இப்பொழுது தங்கம், பொன வியாபாரிகள் லக்ஷக்கணக்காக வியாபாரம் செய்பவர்கள், "எங்களுக்குலாபம் சொற்பமாகக்கிடைக்கிறது, தாங்கள் வரி ஜாஸ்தியாகப் போடுகிறீர்கள் " என்றுசொன்னதற்காக விட்டுவிட்டீர்கள். அவர்களுக்கு வேண்டுமானுல் இந்த rateஐயாவது குறைச் லா ப்போட்டு வசூல் செய்திருக்கலாமே யல்லாயல், அதை விட்டுவிட்டு ஏழைகளிடத்தில், சொற்பவியாபாரம் செய்கிறவர்களிடத்தில் வந்து வரிபோடுவதோ அல்லது lice ıc ، என்று போடுகிறதோ கொஞ்சமும் ந ׀ யமில்லை. இவ்விதம் licence போடுவதை ரூ. 20,000க்கு மேல்பட்டவர்களுக்குப் போடலாமென்று தாங்கள் செய்தால் நன்மையாக இருக்கும் நீங்கள் சொன்னபடி ஏழைகளையும் காப்பாற்றியதாக இருக்கும். அப்படிச் செய்யாமல் வாயால் சொல்லுவது ராஜா தங்கமாலையைக் குடையாக கொடுத்தமாதிரி இருக்கும். ஆகையால் இந்ததிருத்த ׀ பிரேரணையை நான் ஆமோதிக்கினறேன."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I am not quite convinced that I have understood the mind of the gentlemen who moved and seconded this amendment. I wonder whether they merely wish that a particular class of people should be saved from this tax and that therefore they are pleading for them or whether they want to ask the Government to adopt a different scheme of taxation. If their aim really is to save the smaller dealers, they should have put forth some constructive suggestions such as raising the rates for those who are richer and thereby saving the poor people for whom they pleaded for exemption from this tax. But I am quite sure that the smaller dealers for whom they were speaking will really wonder if this was their position or whether they merely wanted to throw the blame on the Government. I claim that it is not the right

way to attack the subject by saying simply 'release these small dealers from this tax' and not suggesting anything as to how to make it up. The tax that we have proposed that the smaller dealers should pay is Rs. 5 per month, that is to say the assessment value on Rs. 12,000 when the turnover goes up to Rs. 20,000. This we consider is a proper tax and one which the dealers themselves cannot object to and are not likely to object to. But of course no man will be ungrateful to anyone who speaks on his behalf. Hon. Members have spoken on behalf of these smaller dealers and of course the smaller dealers will be very grateful to them for this help. But let me say that this is not really good service done to them. What will happen is that the big dealers will be compelled and tempted to divide themselves into small dealers; because Rs. 20,000 is not a small or negligible amount, all the big dealers will be tempted to divide their shops among their brothers, brothers-in-law and so on and each will be made into a dealer having less than Rs. 20,000 turnover. Rupees 19,000 even will do so as to escape the tax. I submit that the Government, after considering this for a long time in the Committee as well as outside, have come to the conclusion that it would be a dangerous point to touch it up to Rs. 20,000. The Government were prepared to take the risks that might happen up to Rs. 10,000 but not above that sum up to Rs. 20,000. There may be something that can be said against any limit, but on the whole it is a fair limit to put it at Rs. 10,000, because if a man fragmentizes his business to a large extent, he will suffer because he will have to pay house-rent, establishment charges, etc., for every small shop and also probably pay special municipal licence fee. Therefore we fixed it at Rs. 20,000. But we have provided that, though we have fixed it at Rs. 20,000, practically the burden will be as if it were Rs. 10,000. I have just now explained it.

"Mr. Khalif-ul-lah Sahib referred to the irritation and oppression that might possibly result and said that therefore these people may be saved from the tax. I submit, Sir, that Mr. Khalif-ul-lah might have thought of another aspect of the matter. If we gave this Rs. 20,000 exemption, it is then that these people will run to the assessing authority and the assessing authority, if they are bad, will run to these people. It is when we enlarge the scope of exemptions that the people will be in the hands of bad assessing authorities who will say: 'If I make it Rs. 19,000, what will you pay?' Or this man will say, 'If you make it Rs. 19,000, I will pay so much.' But if there is nothing much to be gained by this means, the dealer will pay Rs. 5 a month to the Government and be saved from the visitations which Mr. Khalif-ul-lah has referred to. It is not as if I have come from some other continent to this country. It is when a privilege is given that oppression begins.

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When a man gets no privilege and when a universal rule applies to all, people are automatically saved from the oppressions to which we are used. That being the case, it led me even to think that the man below Rs. 10,000 also may be taxed. But we have nothing to gain from this, and that would be too bold a measure and too wild and extensive a measure which will cover even the hawkers of curds and milk. Everybody would have to be hauled in. Therefore it is that we have put in a limit like this. I submit therefore that the amendment should be rejected."

The amendment was put and lost.

MR. SPEAKER:—"One thing, as I glanced over the amendments to clause 3, is this: I still find that the procedure that is now being adopted is not conducive to the proper regulation of the business. Of course amendment No. 31 is independent of other amendments with regard to which the procedure of regulating the business of the House should be applied. So that what I would suggest is that the House may now accept my suggestion and proceed with the business, because the regulation of the business of the House is in the hands of the Chair. This is a very important Bill and there must be a sensible and analytical discussion of the principles. If these stray and alternative amendments are taken up, there will not be opportunity for hon. Members to discuss important amendments. Therefore I have analysed the various amendments and I allow those amendments to be moved under particular heads. The first head will be 'What will be the amount of turnover?' and all the amendments relating to the amount of turnover for which a fixed rate should be fixed will be moved first. The second is 'What will be the fixed rate for the turnover?' and all the amendments relating to this head will be discussed under this head and disposed of. The next heading is 'What will be the rate of percentage?' If the discussion takes place under these three heads, then it will be interesting and useful, and Government will probably consider the suggestions of hon. Members in the course of the discussion and such suggestions will also throw light on the whole subject. I therefore allow the discussion to be divided into these three heads. The first group of amendments that will be taken up for discussion are those relating to the amount of turnover. I say there are three amendments under this, viz., Nos. 32, 33 and 34 for Rs. 15 000, Rs. 30,000 and Rs. 40,000. Therefore, I would ask Mr. Hussain to move his amendment, amendment No. 32." 7-30 p.m.

ABDUL HAMEED KHAN SAHIB BAHADUR:—"We are asking you, Sir, for direction as to how to move these amendments. May I request that the House be adjourned now and Members asked to come back to-morrow quite afresh, because

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it is the Members belonging to the Opposition, however small their number may be, that have tabled these amendments and they will have to come prepared quite afresh."

MR. SPEAKER:—"I have analysed the amendments in this fashion, viz., those relating to Rs. 15,000, Rs. 30,000 and Rs. 40,000. These amendments may be disposed of. It is a very simple thing."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"We have to do justice after all in making our contribution to the debate on these amendments. After all, at this late hour it would not be possible for us to go on . . ."

MR. SPEAKER:—"The only question is whether it should be Rs. 15,000, Rs. 30,000 or Rs. 40,000. That is the simple question. That may be discussed and disposed of in ten minutes."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"*I would like to ask the Chair, while we accept your suggestion* with regard to grouping of these amendments, whether you will also agree to put to vote each one of these amendments when voting comes."

MR. SPEAKER:—"Absolutely. Otherwise this grouping would be useless."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Following Mr. Hameed Khan, I am sure the Chair will concede that it is the Members of the Opposition, though they are small in number here, that have taken the trouble of tabling a large number of amendments and they will have to devote all their time and energy in the discussion of these amendments; and it will only be fair if these discussions in which they will have to take part are made lively. I may say that some of us are getting tired after 7 o'clock. I submit to the Chair that it is only a few minutes after seven. I quite approve of the manner in which the grouping has been made. But I think the House may now adjourn."

MR. SPEAKER:—"The procedure has been only simplified."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"All the suggestions regarding grouping have been agreed to by us."

MR. SPEAKER:—"The hon. the Leader of the Opposition will see that there is nothing to agree. The only thing that has been done is the grouping of the various amendments under various heads so that it will be easy for the hon. House to go on with the discussion of those amendments. Such a grouping will enable

hon. Members to concentrate their attention upon one point so that the discussion may be sensible and Government also may give their consideration to such a thing and give their reply."

* Mr. H. S. TOWN :—" May I just ask for a little information? You, Sir, said just now that you would be taking up amendments Nos. 32, 33 and 34. They also deal with the rates as well as slabs. So in dealing with No. 32, are Members going to be debarred from discussing the rate? "

Mr. SPEAKER :—" Yes."

* Mr. H. S. TOWN :—" Am I allowed to discuss the rate, Sir? "

Mr. SPEAKER :—" No. The discussion will be concentrated upon part of amendment No. 32. In dealing with 32, the amount of turnover will be discussed. I suppose I have made my position clear."

Sri G. KRISHNA RAO :—" Does not the exemption limit come under this? "

Mr. SPEAKER :—" The total exemption will be under the proviso."

* Mr. H. S. TOWN :—" Just to make sure myself. I made a mistake when I last spoke. Under amendment No. 32 there is no possibility that the rate of one-fourth will be discussed according to the procedure that you propose adopting. I submit that the rate will have to be discussed under 32."

Mr. SPEAKER :—" I divide amendment No. 32 into two parts. I suppose hon. Members have understood the method of dealing with all the amendments under clause 3 (1) (*a*) and (*b*). The first group is that relating to the amount of turnover for which a fixed rate should be fixed; the second is what should be the fixed rate and the third is the rate of percentage."

ABDUL HAMEED KHAN SAHIB Bahadur :—" I find that in the first category there are many amendments."

Mr. SPEAKER :—" Yes, there will be many and they will all have to be disposed of.

" Now I call upon Mr. Hussain to move his amendment, amendment No. 32."

* H. S. HUSSAIN SAHIB Bahadur :—" Mr. Speaker, I beg to know from the Chair whether I can move the whole amendment as it stands here or should only confine myself to the amount of turnover. This amendment deals with the rate also. The object of the amendment cannot be gained without the rate connected therewith."

Mr. SPEAKER :—" Rates, of course, we shall deal later."

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* H. S. HUSSAIN SAHIB BAHADUR:—" Then I leave the question of rates. But then there is also another difficulty. This amendment will go along with item No. 57 on the list of amendments; if they are taken together, my view is that it will become acceptable to the House. Anyway as it is the wish of the Chair that I should move only part of amendment No. 32. . ."

MR. SPEAKER:—" Otherwise, a discussion of these amendments in their entirety will take up any amount of time."

* H. S. HUSSAIN SAHIB BAHADUR:—" Sir, I move

' *that the amount of turnover in items* (*a*) *and* (*b*) *should be Rs.* 15,000.'

" Sir, in moving these amendments, I leave the proviso *in tact.* Sir, we have had a good deal of discussion about the hardships, the great troubles and the inconveniences that would be caused to the mercantile community in this Province on account of the introduction of this new taxation measure. From the agitation that is being carried on against this measure of taxation, it is found that the mercantile community are opposed to the Bill as a whole. But, Sir, when we come to certain obnoxious features of the Bill, we have to do our best to tone them down as far as possible so as to meet the real and genuine demands of the people concerned, who are after all the people who are affected by a measure of this kind. There is already a fear in the mind of the people that business and industry are going to be seriously handicapped. If I may bring it to the notice of this hon. House, I believe hon. Members of this House already know that a sort of panic has already spread in the market by the introduction of this Bill and the prices of commodities have risen up."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" On a point of order, Sir. I have now to make a submission that your arrangement with regard to the consideration of this clause is quite inconsistent with regard to the amendment given notice of by my hon. Friend Mr. Hussain. The amendment runs like this:

5 ' For *items* (*a*) *and* (*b*) substitute *the following*:—

1.

" (*a*) *If his turnover does not exceed Rs.* 15,000 *in a year.*	*Rupees two and annas eight per month.*" '

" The Bill as amended says that if the turnover does not exceed rupees twenty thousand the tax shall be five rupees a month. Mr. Hussain wants to reduce the limit from Rs. 20,000 to Rs. 15,000. He wants to reduce the privilege by Rs. 5,000 only because he wants to fix the rate at Rs. 2–8–0. I just want to bring to the notice of the Chair that although I agreed to the suggestion of grouping these amendments in principle, when we come to this particular amendment, the manner in which this amendment has been split up leads to an inconsistency."

MR. SPEAKER :—" Does the hon. the Leader of the Opposition want amendments to be taken one after the other? "

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" I just now said that I agreed to the grouping, but when we apply the principle of grouping to this particular amendment we find this inconsistency, Sir. Therefore, I submit that when we have an arrangement like this we will have to make certain exceptions. I have not perused the other amendments, but there may be cases of inconsistency there also. So far as this is concerned, Sir, it strikes me that it is inconsistent to proceed like this. The proper way of dealing with this amendment is to couple the Rs. 15,000 with the Rs. 2-8-0. That is my point of order, Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" It is merely a question of psychology. After considerable experience of democracy and parliamentary procedure, a method has been evolved by which amendment after amendment should be taken up for consideration. Otherwise at every stage there will be opposition. In fact we would have finished three amendments by this time if we had followed the original procedure. I again suggest that we proceed according to the established procedure."

MR. SPEAKER :—" The conventional procedure."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Yes, Sir, that is the best always."

MR. SPEAKER :—" I think the discussion will be very tame and it would not be helpful either."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" It is true, but a certain amount of compromise is necessary if we want any change from convention. It is not really a question of making the discussion interesting or confining it to important amendments. The Members who have given notice of amendments consider them important and it is best to carry on in the conventional manner. If the discussion is concentrated naturally and voluntarily on any particular amendment, it will fade away on other amendments. We will leave it to human nature."

MR. SPEAKER :—" What does Mr. Town say? "

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I think, Sir, that Mr. Hussain Sahib may be allowed to go on with his amendment, No. 32."

* MR. H. S. TOWN :—" Sir, I think the suggestion made by the Hon. the Premier will make matters go all right. I imagine, Sir, that if the Hon. the Premier wanted to be dishonest—I do not think he wants to—he could with pleasure, with all the power behind him, accept the first portion of amendment No. 32 and reduce the limit to Rs. 15,000 and when we come to the later portion of the amendment regarding Rs. 2-8-0, he could

throw it out. By splitting this amendment we would be giving the Government a gift of Rs. 5,000 in a slab, which would not be the case if we connected the Rs. *15,000* with Rs. *2-8-0.* Otherwise we will be giving the Government if they want to accept it—I do not think they want to accept it—a slab of Rs. 15,000 instead of Rs. 20,000 and an opportunity to throw out the amendment to reduce the rate to Rs. 2-8-0."

MR. SPEAKER:—" I suppose the Government would be ready to take up the suggestion and accept Rs. 15,000."

* MR. H. S. TOWN:—" I *do not think they* will. Therefore I say it is going to be very difficult unless we stick to the established parliamentary procedure of going through one amendment after another. Otherwise difficulties will arise and some of us will be very very sorry."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" The real difficulty arises because individuals act for themselves. Without any grouping there cannot be any advantage and they must lose the advantage necessarily. If hon. Members had combined together they could have avoided the possibility of giving a gift of Rs. 5,000 to the Government. But each one is interested in his problem and in his theory about things and has put forward his own amendment. I assure the House, Sir, that unless we go through amendment after amendment we cannot save time."

MR. SPEAKER:—" I think, at any rate it will not be a useful method of conducting business. There will be confusion."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" I agree with the Hon. the Speaker that there must be an arrangement by which we can move one class of amendments after another. Otherwise there will be, as the Hon. Speaker has stated, confusion and it will not be conducive to proper discussion."

MR. SPEAKER:—" It will be an expenditure of the time of the House for no purpose."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Therefore, I submit that the Hon. Speaker may kindly adjourn the House now." (Laughter.)

MR. SPEAKER:—" I am agreeable to an adjournment provided hon. Members know their minds. The same point that is raised now may be raised to-morrow also. That is why I wanted Mr. Hussain to move his amendment so that we may see what difficulty may be felt in that procedure. The difficulty that is felt to-day will be felt *to-morrow* also. . ."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" May I submit to the Chair that the Chair may take some time to classify the amendments leisurely?"

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* THE HON. SRI C. RAJAGOPALACHARIAR:—" They cannot be classified."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" They can be classified."

MR. SPEAKER:—" Some other Member may take objection to that. Therefore let us decide one way or the other now."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" In this connexion I just wish to point out, if I may be permitted . . . (The Leader of the Opposition was conversing with another hon. Member.) I want the attention of the hon. the Leader of the Opposition."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I am sorry, Sir."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" I submit, Sir, that the whole procedure has been topsy turvy in my opinion. Sir, why did we appoint the Select Committee? We appointed the Select Committee in order to thresh out all these details and the report of the Committee is before the House. A few points have been brought out as things on which important members of the Select Committee could not agree. If we had stuck to the usual convention of not bringing forward individual amendments on every small detail after the Select Committee had worked them out, then all these difficulties would have disappeared and there would have been interest in our discussion and order in our procedure. But the whole House wants to sit in committee on the Bill and every individual Member brings forward his amendments and Members of the Select Committee have again given notice of amendments on matters of detail. We cannot therefore, Sir, get away from the position that the old, established, Parliamentary convention is the only solution for this kind of jungle of amendments, so to say. We must go through them one by one. We cannot group them by any effort of skill, even though it is the Speaker's."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" Mr. Speaker, Sir, now that reference is made to the part played by the Members of the Select Committee and it is suggested that no amendments should be put forward by them with reference to the decisions of the Select Committee, I wish to say that technically there is nothing debarring Members of the Select Committee from putting forward amendments. But I do not stand on the technical ground at present. The material reason, I might say, is this. Even while the motion of the Hon. the Premier that the Bill be taken into consideration was under discussion, it was clearly pointed out that so many amendments had been given notice of, because on most of the vital points no amendments worth mentioning had been accepted by the Government in the Select Committee stage. I say this, because the House should not go away with the impression created by the statement of the Hon. the

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Premier that the amendments have been put forward frivolously in spite of the fact that the matter had been discussed in the Select Committee. I do concede, Sir, that the matter has been well and thoroughly discussed in the Select Committee. I do not dispute it. But the reason why amendments have been poured into this House is because hon. Members of the House and the public outside are not satisfied with the manner in which amendments have been accepted to the material portions of this taxation measure. (Interruption by Hon. Premier.) I mean the public as represented here. The representatives are not satisfied with the amendments that have been made by the Select Committee. That is why it has not been possible to restrict the number of amendments. I may say, Sir, that most of the amendments that have been put forward are very good amendments. They are not frivolous. Probably there may be repetitions here and there, but it is inevitable as hon. Members have given notice of amendments from their homes. Even here, as you have noticed earlier in the debate, when one amendment was disposed of, several other amendments were not moved because they dealt with the same matter or principle. That showed the reasonableness of the Members of the Opposition. Anyhow, Sir, I submit I have shown that necessity has arisen for amendments to be given notice of by Members on the Opposition."

THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I have been wholly misunderstood. . ."

MR. SPEAKER:—" Absolutely. Not purposely or deliberately."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:— " Mr. Speaker, I do wish to bring to the notice of the House that although the Hon. the Premier may say that he has been misunderstood, the Hon. the Speaker also should not say that I have misunderstood the Hon. the Premier. The Hon. the Premier may say so, Sir, but not the Chair."

MR. SPEAKER:—" I have added, ' not purposely or deliberately '."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:— " I submit to the Chair, Sir, that the Chair need not say that."

MR. SPEAKER:—" That is for the Chair."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:— " I submit to you, Sir, that it is my opinion that the Chair need not say that. That is all I can say. The Hon. the Premier may say that and I have got a right of reply, but when the Chair makes a remark of that type, I have no right of reply. I have only to make a submission. The Hon. the Premier is entirely at liberty to abuse me or to praise me or to criticize me. I have got a right of reply."

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THE HON. SRI C. RAJAGOPALACHARIAR:—" I do not claim the right to abuse anyone."

MR. SPEAKER:—" If the Hon. the Premier says ' I have been misunderstood by the hon. the Leader of the Opposition ' there is nothing unparliamentary about it. There is absolutely nothing of the sort. If he has been misunderstood, he was not purposely misunderstood or deliberately misunderstood. Nothing of the sort. Anybody may be misunderstood by anybody else. There is absolutely nothing to take exception to."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:— " My submission is that the Chair need not reflect the same remark, though in a restricted manner. The Hon. the Premier as a Member of the House is at liberty to characterize my action in any manner and I am at liberty to reply to him, but if the Chair also adds any words of its own in that connexion I am at a disadvantage for I am powerless to reply to the Chair."

MR. SPEAKER:—" Mr. Muthiah Chettiar is not in a mood to understand what the Chair has said."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:— " I am in a perfect mood to understand what the Chair has said."

MR. SPEAKER:—" The explanation is perfectly clear and it ought to be understood easily."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, let me explain. When I said that confusion had arisen on account of a certain thing, I meant this very clearly and I say it again. It will not take more than one sentence. Amendments to the effect that Rs. 2 should be put in, or Rs. 2–8–0 should be put in, or Rs. 15 should be put in, all mean that the whole House sits as in a Select Committee. But if we agree to those details as they have been worked out by the Select Committee, we would have a handy number of amendments and the discussion would be convenient. I do not mean to say thereby that any Member has lost his right to give notice of amendments because he sat on the Select Committee. If that is understood I do not propose to say anything more. I again repeat that inasmuch as we have not reduced the amendments to a handy number, it would not be possible to try and group them in any manner so as to prevent some disadvantage or irregularity. One part of the amendment will be dissociated from another part and certain consequences will follow which have not been expected. Each amendment will have to be dealt with separately. Therefore any attempt at grouping will fail. It will be easier to deal with the amendments systematically, one by one. Hon. Members may exercise their discretion in advancing their arguments in dealing with a subject which has been discussed."

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KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—"It is 8 o'clock now."

MR. SPEAKER:—"This point will have to be decided. It is not a matter for laughter. We are serious. Hon. Members would like to regulate the discussion and confine themselves to the most operative and principal clauses of the Bill in order that the discussion might be useful and lead to some important decisions. I have been trying to regulate the discussion. If hon. Members still think that the same regular routine of going through the amendments one by one should be followed, there is absolutely no objection. The House may consider the amendments, one after another. But it will be merely mechanical. I wanted to help the House by confining the discussion to important points and arguments which might appeal to the Government to make alterations in the Bill, if possible. Otherwise the first amendment will be moved and thrown out; then the second amendment and then the third amendment and so on. Mechanically the consideration will proceed. I do not want a mechanical procedure in a debate of this kind. If hon. Members of the Opposition want a mechanical procedure to be followed, I have no objection. The amendments will be taken up in their order.

"The House is now adjourned to meet again tomorrow at 3 p.m."

APPENDIX I.

[*Vide* answer to starred question No. 1290 asked by Sri L. Sattanatha Karayalar at the meeting of the Legislative Assembly held on the 10th May 1939, page 601 supra.]

List of communities notified under the Criminal Tribes Act.

Name of tribe. (1)	Districts in which found. (2)
Telaga Pamulas	Guntur, Nellore, Kurnool, Anantapur, Cuddapah, Vizagapatam, East Godavari, West Godavari, Kistna, North Arcot and Chingleput.
Konda Doras	Vizagapatam.
Rellis	Do.
Paidis	Do.
Kintali Kalingas	Do.
Donga Yatas	Do.
Dandasis	Do.
Donga Yenetis	Do.
Munda Pottas	Do.
Audiniya Dombs	Do.
Oriya Dombs	Do.
Ghasis	Do.
Nakkalas	East Godavari and West Godavari.
Anipey Malas	Do.
Dommaras	East Godavari, West Godavari, Kistna, Guntur, Nellore, Kurnool, Anantapur, Chittoor, North Arcot, Chingleput and Madras City.
Reddikas	East Godavari.
Donga Woddars	West Godavari, Kistna, Guntur, Nellore, Kurnool, Anantapur, Cuddapah and Chittoor.
Donga Lambadies	West Godavari, Kistna and Guntur.
Donga Yenadis	West Godavari, Kistna, Guntur, Nellore, Kurnool, Anantapur, Cuddapah, Chittoor, Chingleput and Madras City.
Nizam Woddars	Kistna.
Kepmaris	Kistna, Cuddapah, Chingleput, Salem, South Arcot, Trichinopoly and Madras City.
Jogulas	Kistna, Nellore, Chittoor, North Arcot, Chingleput, South Arcot and Madras City.
Jaruguballi Madigas	Guntur.
Chakkalas Pamula Budabukkalas.	Do.
Boyas	Nellore, Kurnool, Bellary and Chittoor.
Anneboyinapalle Malas	Nellore.
Mutharachas	Nellore and Cuddapah.
Nirshikaris	Kurnool
Sugalis	Kurnool, Bellary, Anantapur, Cuddapah and Chittoor.
Malas	Kurnool, Anantapur, Cuddapah and Chittoor.
Kanjar Bhats	Kurnool, Anantapur and Cuddapah.
Thottia Naicks	Kurnool, Anantapur, Cuddapah, Chittoor, Salem, Ramnad, Tinnevelly, Coimbatore, South Arcot, Tanjore, Trichinopoly and South Kanara.
Hired Assasins	Kurnool and Cuddapah.
Mondi-vogulas	Kurnool.
Rudrapad Korachas	Bellary.
Picharis	Do.
Donga Ur. Korachis	Anantapur.
Jutur mixed gang	Anantapur and Cuddapah.
Pedda Boyas	Anantapur and North Arcot.

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List of communities notified under the Criminal Tribes Act—*cont.*

Name of tribe. (1)	Districts in which found. (2)
Dabbala Korachas ..	Anantapur.
Pitchiguntlas	Anantapur and Cuddapah.
Devagudi Talayaris ..	Cuddapah.
Venganur Parayas ..	Chittoor, North Arcot and Chingleput.
Nattam Korachas ..	Chittoor and North Arcot.
Amagunta Poligars ..	Chittoor.
Bhattu Turkas	Do.
Uppu Koravars ..	North Arcot, Salem, Coimbatore and Madras City.
Salem Merlurnad Koravars.	North Arcot, Salem, Madura, Coimbatore, South Arcot, Tanjore, Trichinopoly and Madras City.
Sakkaraitamadai Koravars.	North Arcot and Madras City.
Irulars	North Arcot, Salem, South Arcot, Trichinopoly and Madras City.
Kal Oddars	North Arcot, Chingleput, Ramnad, Trichinopoly and Madras City.
Ponnai Koravars ..	North Arcot and Madras City.
Chengampundi Koravars	North Arcot, South Arcot and Madras City.
Sengunam Poligars ..	North Arcot.
Nokkars	North Arcot, Chingleput and South Arcot.
Adi-Dravidas	Chingleput and Madras City.
Koravars	North Arcot, Chingleput, Tinnevelly and Madras City.
Veppur Adi-Dravidas ..	Chingleput, South Arcot, Trichinopoly and Madras City.
Attur Kilnad Koravars ..	Salem, Coimbatore, South Arcot and Trichinopoly.
Thalli Koravars ..	Salem.
Saragapalli Koravars ..	Do.
Monda Koravars ..	Do.
Sooramarai Oddars ..	Do.
Vaduvarpatti Koravars ..	Madura, Ramnad and Trichinopoly.
Piramalai Kallars ..	Madura, Ramnad and Madras City.
Valayars	Madura, Coimbatore and Trichinopoly.
Chettinad Valayars ..	Ramnad.
Karumbaravas	Do.
Kaladies	Ramnad and Trichinopoly.
Pilliarnatham mixed gang.	Ramnad and Tinnevelly.
Apponad Kondayankottai Maravars.	Ramnad.
Sellampatti Karutaswami gang.	Ramnad and Coimbatore.
Maravars	Tinnevelly and Madras City.
Vellayankuppam Padayachis.	South Arcot.
Gandharvakottai Koravars.	South Arcot, Tanjore and Trichinopoly.
Criminal Padayachis ..	South Arcot.
Koottappal Kallars ..	Tanjore and Trichinopoly.
Jambuvanodai mixed gang.	Tanjore.
Vettaikarans	Do.
Gandarvakottai Kallars.	Do.
Uraligoundars	Trichinopoly.
Varaganeri Koravars ..	Do.
Mootlakampatti Ambalagars.	Do.
Vettuva Goundans ..	Do.
Telugapatti Chettis ..	Do.
Periya Surivur Kallars ..	Do.
Kal Inji Dabbai Koravars.	Tanjore and Trichinopoly.

APPENDIX II.

[Vide answer to starred question No. 1299 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 10th May 1939, page 605 supra.]

(a) It is presumed the hon. Member refers to the Conference of Forest Officers on the better utilization of forest areas for grazing convened by the Government of India at Madras from 9th to 12th December 1936. The conclusions of the conference are :—

Forest grazing areas.—(1) That there is scope for further improvement in the quality and quantity of grazing produced by forest lands of the type which at present carry principally poor pole scrub or thorn forest and for the improvement of the amenities of grazing by the provision of better water-supplies.

(2) That such improvement can only be effected by the provision of scientific management by a competent staff.

(3) That power to control both periods of closure and numbers utilizing the grazing is absolutely essential to proper management and must be provided, if necessary, by legislation.

(4) That proper management must involve expenditure which will not be immediately remunerative, and from which even the ultimate returns will very probably be mostly indirect. The mode of provision of the necessary funds must be decided by Government. Such expenditure should not be imposed as a further burden upon the budgets of commercial or quasi-commercial departments.

Land outside forests.—(1) That there is great scope for introduction of proper management in lands which up to the present time have been outside the orbit of the activities of any of the technical departments.

(2) That the organization of such improvements should vest in special Standing Fodder and Grazing Committee to be formed in each province and that their activities should be co-ordinated by a new Fodder and Grazing Sub-Committee of the Imperial Council of Agricultural Research.

(b) & (c). The Government have accepted the recommendations. A special officer has been appointed to investigate the several questions connected with grazing such as restriction of the number of cattle admitted, introduction of the block system of grazing, etc. A special Provincial Fodder and Grazing Committee has also been set up to investigate the reclassification of waste lands outside Government forests and select areas fit for the production of fodder or for management as grazing grounds and to advise the Government as to the best agency for the management of lands selected for fodder and grazing purposes and to indicate the lines along which investigations are needed and improvements in management are required. The reports of the special officer and the committee are awaited.

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APPENDIX III.

[Vide answer to starred question No. 1308 asked by Sri P. R. K. Sarma at the meeting of the Legislative Assembly held on the 10th May 1939, pages 609 and 610 supra.]

(1)

Value of stock on 1st April 1938.

	Variety.	Value.
		RS.
1	Paper, drawing	6,684
2	Paper, writing	42,344
3	Paper, printing, white	33,628
4	Paper, printing, glazed buff	93,738
5	Paper, newsprinting	18,738
6	Paper, coloured	6,468
7	Paper, lithographic	4,034
8	Paper, watermarked	491
9	Paper, blotting	2,479
10	Paper, carbonic, papyrographic and other kinds	14,822
11	Blank books, etc.	1,678
12	Drawing materials	1,330
13	Cloth, tracing	2,652
14	Cloth, waxed	46
15	Cloth, binding	2,957
16	Hones and strops	106
17	Ink bottles and stands	487
18	Ink powder and fluid	4,512
19	Ink, printing	623
20	Parchment	298
21	Paste, mill and straw boards	1,349
22	Penknives	192
23	Pencils	1,813
24	Steel nibs	1,896
25	Rubbers	57
26	Slates	108
27	Sponges	400
28	Scissors	243
29	Sealing wax	293
30	Tape, twine thread, etc.	5,186
31	Ribbons	126
32	Rulers	212
33	Paper cutters	75
34	Needles and pins	466
35	Envelopes	1,017
36	Typewriter accessories	1,529
37	Other articles	11,353
	Total	2,64,430 Stationery alone.
		12,724 Clothing.
	Total value of stock including clothing	2,77,154

(2)

STATEMENT.

1938-39.

Serial number and description of articles.	Country of origin.	Quantity.	Amount. RS.	A.	P.
1 Red sealing wax (of superior variety).	Forest Research Officer, Denkankotta, Salem district.	400 lb.	800	0	0
2 Azure laid paper	Titaghur Paper Mills, Calcutta.	42,470 ,,	10,511	0	0
3 Cream wove paper	Do.	33,000 ,,	7,657	0	0
4 Cream laid paper	Do.	1,000 ,,	232	0	0
5 White printing paper ..	Do.	1,704,700 ,,	3,51,595	0	0
6 Glazed buff paper	Do.	1,304,284 ,,	2,28,657	0	0
7 Blotting paper	Bengal Paper Mills, Calcutta.	13,940 ,,	3,788	0	0
8 Duplicating paper	The India Paper Pulp Co., Calcutta.	6,175 ,,	1,400	0	6
9 Blackboard brushes	Superintendent of Prisons, Madras.	3,000 Nos.	750	0	0
10 Brass pins, 1" and ¾" ..	Bombay	{ 125 gross sheets 1". 87 gross sheets ¾". }	3,032	0	0
11 Penholders	F. N. Gooptu & Co., Calcutta.	600 gross.	1,575	0	0
12 White and red braid ..	Calcutta	13,000 yds.	306	0	0
13 Cotton, white twine	Do.	150 lb.	106	0	0
14 Chalk, coloured	*Trichinopoly*	*3,750 boxes of* 1 gross each.	1,125	0	0
15 Chalk, white, prepared ..	Do	4,500 boxes.	810	0	0
16 Black lead pencils	Madras	800 gross.	2,000	0	0
17 Copying pencils, ordinary ..	Do.	150 ,,	888	0	0
18 Do. hard ..	Do.	25 ,,	225	0	0
19 Blue and red pencils, ordinary.	Calcutta	30 ,,	165	0	0
20 Waterproof umbrella ..	Do.	32 ,,	48	0	0
21 Waterproof cape	Do.	25 Nos.	117	15	6
22 Socks of sizes	Dhariwal	60 pairs.	45	0	0
23 Red ink pens	Calcutta	3,000 gross.	1,500	0	0
24 Hard brushes for typewriter.	Do.	480 Nos.	63	12	0
25 Roneo inking brushes ..	Do.	36 ,,	9	0	0
26 Soft brushes for typewriter ..	Madras	600 ,,	131	4	0
27 Rubber stamp brushes ..	Bombay	3,000 ,,	31	4	0
28 White saris	Tata Mills, Bombay ..	1,150 ,,	2,731	4	0
29 Red country saris	Conjeeveram	325 ,,	870	0	0
30 White laced turbans ..	Madura	10 ,,	100	0	0
31 Red laced turbans	Do.	10 ,,	110	0	0
32 Gold fringes	Madras	10 yards.	60	0	0
33 Brass buttons with rings and letters 'G.H.' and Crown.	Aligarh	No. 600.	34	6	0
34 Penknives, desk, country ..	Do.	180 dozens.	202	8	0
35 Scissors, large, country ..	Do.	12 ,,	75	0	0
36 Do. small	Do.	3 ,,	12	0	0
37 Mull, white, 45"	Ahmedabad	2,000 yards.	500	0	0
38 Do.	Bangalore	5,000 ,,	1,239	6	0
39 Red serge, 54"	Cawnpore	50 ,,	125	0	0
40 Salampore cloth, white ..	Coimbatore	2,500 ,,	664	1	0
41 Do. blue ..	Do.	8,500 ,,	3,054	11	0
42 Unbleached drill	Do.	15,000 ,,	4,921	14	0
43 Khaki drill	Do.	6,000 ,,	2,531	4	0
44 Bleached drill	Do.	200 ,,	71	4	0
45 Imitation Girgham cloth ..	Do.	2,000 ,,	468	12	0
46 Khaki mull	Do. ..	1,700 ,,	557	13	0
47 Blue drill	Do.	250 ,,	105	7	6
48 Wax cloth, white	Madras	4,100 ,,	1,153	2	0
49 Red turkey cloth	Coimbatore	2,750 ,,	1,074	3	6
50 Red sealing wax, country ..	Madras	13,000 lb.	1,828	2	0
51 Stencil paper (Japan) for duplicators.	Japan	245 reams.	9,310	0	0
52 Tissue paper 7 lb.	Austria (foreign) ..	4 ,,	12	0	0
53 Cream wove tub sized D.F. 30 lb.	Do. ..	823 ,,	10,802	14	0

Serial number and description of articles.	Country of origin.	Quantity.	Amount. RS.	A.	P.
54 Newsprinting paper	Austria (foreign) ..	132,000 lb.	13,578	2	0
55 *Glazed buff paper*	*Do.* ..	1,804,316 ,,	2,30,972	10	0
56 M.G. buff manilla 60 lb. ..	Do. ..	2,460 ,,	448	7	0
57 Coloured paper	Do. ..	56,850 ,,	7,402	5	6
58 *Litho D.R. 80 lb.*	*Germany*	32,000 ,,	23,166	10	8
59 Creamwove Bank D.R. 56 lb.	America	2,240 ,,	1,330	0	0
60 Bank Port D.R. 19 lb. ..	Do.	522 ,,	326	4	0
61 *White cartridge all rag, Royal 40 lb.*	Austria	720 ,,	547	8	0
62 H.M. Pale buff, 32 lb. ..	Austria	960 ,,	1,200	0	0
63 *Manifolding paper*	*Do.*	*11,250* ,,	3,076	2	9
64 Strawboards (thicker weight).	Holland	1,805 Cwts.	13,763	2	0
65 Calico 42″	Japan	17,000 yards.	7,437	8	0
66 *Gum bottles with brushes* ..	Bangalore	*75 No.*	18	12	0
67 Yellow woollen tape ½″ ..	Calcutta	1,000 yards	54	11	0
68 Ink glasses with tops	Japan	1,700 dozen.	850	0	0
69 *Thabalack thread*	India	*120 lb.*	*71*	*4*	*0*
70 Tape, narrow rolls	Do.	2,000 dozens.	7,875	0	0
71 Tape, country ½″	Do.	100 rolls	60	15	0
72 Twisted thread, white ..	Do.	*7,200 lb.*	*4,050*	*0*	*0*
73 Khaki puttees	Salem	600 pairs.	509	6	0
74 Stencil paper with fibrous paper attached.	England (foreign) ..	13 reams	325	0	0
		2 ,,	*157*	*4*	*0*
75 One ounce empty phials ..	Japan	10 gross	18	12	0
76 Sponges	Germany	..	..		
77 Madapallam, T. 22	England	1,200 yds.	525	0	0
78 Yellow muslin	Bangalore	597 yds.	94	0	0
79 Gum, common	Guntur-Nellore districts	21,000 lb.	5,906	0	0
80 Gold lace ½″	France	100 yds.	112	8	0
81 Long cloth, fine	India	3,500 yds.	1,531	4	0
82 Scarlet ink powder	Foreign	10,600 pkts.	994	9	0
83 Thumb impression boxes ..	England	400 boxes	*86*	*10*	*8*
84 Rubber stamping ink	Bangalore	12,600 phials	787	8	0
85 Red ink in bottles of 40 ozs. ..	Madras	350 bottles	204	2	8
86 Blue black registration ink ..	Madras and Bangalore ..	3,600 ,,	1,171	14	6
87 Cheque writing ink ..	Madras	500 ,,	263	0	4
88 Blue black ink powder ..	Do.	4,500 doz. pkts.	1,851	9	0
89 Printing ink in 10 lb. tins ..	Bombay	6,000 lb.	1,968	12	0
90 Do. ½ lb. tins ..	Madras	500 lb.	177	1	4
91 Thumb impression roler ..	Nizamabad (India) ..	400	175	0	0
92 Tracing cloth 36″	England	140 rolls at 24 yds. each.	3,209	1	0
93 Do 24″	Do.	62 rolls at 24 yds. each.	1,147	10	4
94 Wooden flats with lead ..	Madras	650	142	3	0
95 Rulers, round large	Do.	200	68	12	0
96 Ink tand wooden boxes ..	Do.	400	308	5	4
97 Tags, long, for files	Do.	350	4	9	6
98 Record index laces	Do.	5,000	30	0	0
99 Tape tags 3½″	Do.	500,000	637	8	0
100 *Do.* 5″	Do.	800,000	1,950	0	0
101 Camel hair brushes 1½″ ..	England	90	90	10	8
102 Do. 3″ ..	Do.	2 dozs.	28	0	0
103 *Wool of colours*	Cawnpore	30 lb.	101	4	0
104 Grey cumblies	Rajahmundry	300	1,143	12	0
105 Strawboards, thin weight ..	Holland	1,100 cwts.	7,425	0	0
106 *Plate glue, Europe*	England	42 ,,	490	0	0
107 Aluminium buttons	Do.	600	65	10	0
108 Brass buttons, plain with *rings.*	Do.	100	12	8	0
109 Kraft, brown	Austria	273,168 lb.	39,481	5	0
110 Dry type stencil paper for *Gestetner.*	Japan	70 reams	2,660	0	0
111 Dry type stencil paper for Roneo.	Do.	50 ,,	1,900	0	0
112 *Stencil paper for B.R.R.* ..	*Do.*	125 ,,	4,750	0	0
113 Twine, country	Vizagapatam	22,000 lb.	4,812	8	0
114 Lancashire ledger paper ..	London	51,800 ,,	39,720	13	2
115 *Carbon papers*	*Calcutta*	*1,270 reams.*	*5,836*	*8*	*0*
116 Envelopes	London	14,500	98	4	0
	Do.	8,000	403	5	4
117 Note paper	Do.	*100 reams.*	257	8	0
	Do.	16 ,,	245	0	0
118 Litho D.R. 80 lb. II	Do.	35 ,,	729	2	8
119 Ordinary white cartridge ..	Do.	31,480 lb.	6,558	5	0
120 Cheque paper	Do.	60 reams.	1,260	0	0
121 Stencil paper for cyclostyle ..	Germany	105 ,,	1,853	12	0

APPENDIX IV.

[*Vide* answer to unstarred question No. 395 asked by Sri A. Vedaratnam Pillai at the meeting of the Legislative Assembly held on 10th May 1939, page 615 supra.]

Notice under section 65-A (1) (*a*) of Madras Act II of 1927.

In the matter of Sri Subrahmanyaswami temple, Ettigudi, Negapatam taluk, Tanjore district.

Notice Notification No. 19 *of* 1939, *dated 9th March* 1939.

Whereas for the reasons set forth below, the Board is of opinion that the temple of Sri Subrahmanyaswami, Ettigudi village, Negapatam taluk, Tanjore district, and the endowments belonging thereto may be notified to be subject to the provisions of Chapter VI-A of Madras Act II of 1927, the trustees and other persons having interest in the said temple are hereby required to show cause in writing on or before 2nd May 1939 why such notification should not be issued. The objection or objections, if any, received in response to this notice will be enquired into by the Board at its office in Madras at 12 noon on 9th May 1939. The objector shall submit two additional copies of the objection.

Reasons for the action proposed.

(1) The defects pointed out in notice Notification No. 44 of 1937, dated 6th July 1937, have not been rectified though one year's time was given by the Board in Board's Order No. 74, dated 10th January 1938, to set them right. Clauses 12 and 14 of the scheme framed in A.S. Nos. 121 and 122 of 1919 on the file of the High Court, Madras, for Sri Vetharanyaswami temple, Vedaranyam, Tiruturaipundi taluk, Tanjore district, which are applicable to this temple also and clause 20 of the scheme for this temple in A.S. Nos. 222 and 241 of 1920 on the file of the High Court, Madras, are inconsistent with the provisions of the Madras Hindu Religious Endowment Act, 1926. There is no co-operation between the managing trustee and the Commissioner. The Mahanamdar has not taken any steps for framing of election rules. Budget for fasli 1348 has not been submitted in time. Clause 20 of the scheme relating to the appointment of auditor has not been observed. Register of properties as required by clause 21 of the scheme has not been submitted. Temple buildings are in disrepair. Owing to the disunion among the managing trustee, the Commissioner and the *Mahanamdar*, even minor repairs to temple buildings are not attended to. Action has not been taken for the realization of a large sum of Rs. 26,000 due from Sri Kailasa Thevar.

K. NARAYANA MENON,
Acting Secretary.

APPENDIX V.

[Vide answer to unstarred question No. 399 asked by Sri K. V. R. Swami at the meting of the Legislative Assembly held on 10th May 1939, page 616 supra.]

Statement showing the list of commodities in respect of which accounts relating to inland trade by rail are maintained.

1 Animals—Livestock—
(i) Cattle (excluding sheep and goats).
(ii) Horses, ponies and mules.
(iii) Sheep and goats.
(iv) Others.
2 Bones.
3 Cement.
4 Coal and coke.
5 Coffee.
6 Cotton twist and yarn—
(i) Foreign.
(ii) Indian.
7 Cotton piecegoods—
(i) Foreign in bales.
(ii) Foreign in boxes.
(iii) Indian in bales.
(iv) Indian in boxes.
8 Dyes and tans—
Myrobalans.
9 Fruits, dried.
10 Glass.
11 Grain, pulse and flour—
(i) Gram.
(ii) Jowar and Bajra.
(iii) Rice in the husk.
(iv) Rice not in the husk.
(v) Wheat.
(vi) Wheat flour.
(vii) Other sorts.
12 Hemp, Indian and other fibres (excluding jute).
13 Hides, raw.
14 Skins, raw.
15 Hides and skins, tanned and leather.
16 Jute, raw—
(i) Loose.
(ii) Pucca bales.
17 Gunny bags and cloth.
18 Iron and steel bars, sheets, girders and other commercial forms of iron and steel.
19 Lac and shellac.
20 Manganese ore.
21 Oilcakes.
22 Oils—
(i) Kerosene.
(ii) Vegetable oils.
23 Oilseeds—
(i) Castor.
(ii) Cotton.
(iii) Groundnuts.
(iv) Linseed.
(v) Rape and mustard.
(vi) Til or jinjili.
24 Ghee.
25 Salt.
26 Sugar—
(i) Sugar.
(ii) Gur, rab, molasses, jaggery, etc.
27 Tea.
28 Tobacco, raw.
29 Wood and timber—
(i) Teak.
(ii) Other timber.
30 Wool, raw.
31 Raw cotton.

THE MADRAS LEGISLATIVE ASSEMBLY

Thursday, 11th May, 1939.

The House met in the Assembly Building, Chepauk, at three of the clock, Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

* 1314—1322 *Q.*[a].

Eviction of certain temporary cultivators from certain tank-bed porambokes in Velliyur village, Tiruvallur taluk.

* 1323 *Q.*—SRI D. RAMALINGA REDDIYAR: Will the Hon. the Minister for Revenue be pleased to state with reference to the Starred Question No. 920 answered on the 18th March 1939 whether the Government have received from the Collector of Chingleput the report about the eviction of the temporary cultivators from the tank-bed porambokes bearing R.S. Nos. 230, 231 and 232 in Velliyur village, Tiruvallur taluk, Chingleput district?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" The answer is in the affirmative."

Eviction of certain temporary cultivators from certain tank-bed Markapur taluks in Kurnool district.

* 1324 *Q.*—SRI GOPAVARAM VENKATA REDDI: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether any representations have been made to the Government about the existence of famine conditions during the current fasli in Sirvel and Markapur taluks of Kurnool district; and

(*b*) if so, what relief the Government propose to give to the ryots to relieve the distress?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam:—" (*a*) The answer is in the affirmative.

" (*b*) The matter is under consideration."

Payment of deficit stamp duty on impounded documents in Registration offices.

* 1325 *Q.*—H. S. HUSSAIN SAHIB BAHADUR: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether any rules have been framed and published for general information with regard to the impounding of documents in Registration offices to make up the deficit stamp duty and if so, what they are;

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[a] Vide pages 714 to 722 infra

(b) whether any fine is levied on the parties when directing the payment of deficit stamp duty on such impounded documents and if so, how much and by whom;

(c) whether any time is given to the parties to pay the deficit stamp duty before a fine is imposed; and

(d) whether any representation has been received by the Government with regard to the hardship caused by the present practice of impounding documents in Registration offices?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam :—" (a) & (b) Documents which are not duly stamped have to be impounded in Registration offices under the provisions in section 33 of the Indian Stamp Act, 1899 (II of 1899), and penalty is levied in respect of them by District Registrars under section 40 of that Act. Either the *proper duty (or deficient duty)* with a penalty of Rs. 5 or, in the alternative, an amount not exceeding ten times the proper duty (or deficient duty) is levied.

" (c) The Act does not provide for the payment of only the deficient duty on an instrument once it has been impounded.

" (d) The answer is in the affirmative."

Memorial of the clerks in the Registration department, Malabar.

* 1326 Q.—SRI P. MADHAVAN: Will the Hon. the Minister for Revenue be pleased to state—

(a) whether the Government have received a memorial recently from the clerks in the Registration department, Malabar, praying for the redress of their departmental grievances; and

(b) if so, what steps the Government are taking in the matter?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam :—" (a) A memorial was received regarding the Government Orders instituting certain additional posts of clerks and copyists in South Malabar.

" (b) The memorial was based on a misapprehension and the Inspector-General of Registration was asked to explain the correct position to the memorialists."

Insufficient supply of water from the Kurnool-Cuddapah canal for lands in the Kurnool district.

* 1327 Q.—SRI GOPAVARAM VENKATA REDDI: Will the Hon. the Minister for Public Works be pleased to state—

(a) the extent of land to be irrigated under Kurnool-Cuddapah canal in Kurnool district during the current year;

(b) whether any representations have been made to the Executive Engineer, Kurnool, regarding the insufficient supply of water in Kurnool district;

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(c) whether the ryots, according to the guarantee given to them for supply of water for second crop, have received the requisite quantity of water;

(d) if not, what the amount of loss or damage caused to them is; and

(e) whether the Government propose to give any compensation for this loss or damage?

THE HON. MR. YAKUB HASAN :—" (a) It is presumed that the extent under second-crop irrigation is referred to as it is understood that there were no complaints in regard to water scarcity during the first-crop season (15th July 1938 to 15th December 1938). The registered extent under second crop in the Kurnool district is 2,349 acres, of which 1,814 acres lie under tanks fed by the Kurnool-Cuddapah canal.

" (b) Representations were made to the Executive Engineer about the end of February 1939 regarding the insufficient supply of water for the lands in Velpanur, Nandyal and Chintagunta villages.

" (c) There is no question of ' guarantee ' to supply water for second crop. Owing to the defective rainfall and the poor flow in the Tungabhadra, the supply for the Kurnool-Cuddapah canal this year was below normal.

" (d) It is reported that there was no loss of crop, but that the yield was relatively less on account of the deficient supply in March 1939.

" (e) No question of compensation arises."

Financial effect of the supply of hand-pounded rice in jails.

* 1328 Q.—SRI V. VENKATASUBBAYYA : Will the Hon. the Minister for Law be pleased to state—

(a) whether hand-pounded rice is now supplied to the prisoners in any of the jails of the Province in addition to that in Trichinopoly; if so, in what jails; and

(b) what the difference, if any, there has been in the total cost of the rice supplied to each of the jails, as a consequence of this change?

THE HON. DR. P. SUBBARAYAN :—" (a) The answer to the first part is in the negative, and the second part does not arise.

" (b) The supply of hand-pounded rice to prisoners in the Central Jail, Trichinopoly, has resulted in a saving of about Rs. 1,650 in 1938."

SRI D. V. RAMASWAMI :—" May I ask why hand-pounded rice is not supplied to the prisoners in the Central Jail, Vizagapatam, although representations were made to the Government repeatedly? "

THE HON. DR. P. SUBBARAYAN :—" I shall be grateful if the hon. Member will repeat his question."

SRI D. V. RAMASWAMI :—" May I know why hand-pounded rice is not supplied to prisoners in the Central Jail, Vizagapatam, although non-official visitors have made a special request for the supply? "

THE HON. DR. P. SUBBARAYAN :—" The matter is still under consideration."

Denotification of the Marava community under the Criminal Tribes Act.

* 1329 *Q.*—SRI L. SATTANATHA KARAYALAR : Will the Hon. the Minister for Law be pleased to state—

(*a*) the communities that are notified in the Tinnevelly district under the Criminal Tribes Act;

(*b*) the number of people who are notified in that district; and

(*c*) in view of the fact that a large number of Maravas have joined the Indian National Congress and thereby openly disowned violence, whether the Government will be pleased to denotify the Marava community?

THE HON. DR. P. SUBBARAYAN :—" (*a*) A list [a] showing the communities notified as criminal tribes in the Tinnevelly district is placed on the table of the House.

" (*b*) The Government have no information.

" (*c*) The general question of the future treatment of criminal tribes is under consideration."

Further measures for putting down betting and wagering on horse races in the City.

* 1330 *Q.*—H. S. HUSSAIN SAHIB BAHADUR : Will the Hon. the Minister for Law be pleased to state—

(*a*) how many cases have been put up by the Police from all the divisions, respectively, in the City of Madras within the last three months in respect of betting and wagering on horse races under the Madras City Police Amendment Act of 1929;

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[a] Printed as Appendix I at page 773 infra.

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(b) whether it is a fact that there are two central organizations in the City that have their branches in all or some of the divisions and carry on the business of betting on horse races by receiving bets through their agents and sub-offices on a large scale;.

(c) whether it is a fact that there are two sports clubs, viz., the New Sports Club and the Aryan Sports Club, in the City of Madras and if so, what the activities of these two clubs are; and

(d) what further measures the Government propose to take to put down betting and wagering on horse races in the City of Madras?

THE HON. DR. P. SUBBARAYAN:—" (a), (b) & (c) The Government have no information, but have called for it.

" (d) The Government have under consideration a proposal to undertake further legislation in the matter."

Delay in the execution of the municipal water-works, Cuddapah.

* 1331 *Q.*—DR. M. J. SAMUEL: Will the Hon. the Minister for Public Health be pleased to state—

(a) when the Public Works department took charge of the construction of the water-works from the Cuddapah Municipality and whether any progress has been made since then;

(b) whether tenders for pipes had been waiting Government orders since the Government took over the works;

(c) why the construction of the low-level reservoir has not been begun, though the municipality accepted a tender over eight months back; and

(d) whether the Government will enquire into the delay and take steps to complete the works at least by next summer?

THE HON. DR. T. S. S. RAJAN:—" (a) The Public Works department took charge of the scheme in August 1938 and the following works are now in progress:—

(i) Constructing a suction well.

(ii) Providing 14-inch cast iron pipe connexions between the suction well and the experimental well.

" An expenditure of Rs. 42,900 has been incurred so far.

" (b) The council called for tenders and rejected them as they were high and far above the estimated provision. It is proposed to place an indent with the Indian Stores Department after the revised estimate for the scheme is sanctioned by the Government.

" (c) The necessary agreement has not yet been executed by the contractors.

" (d) There has been no avoidable delay and the Government will try and complete the work as early as possible."

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Measures for educating the public of Tellicherry Municipality regarding the provisions of the Public Health Act.

* 1332 *Q.*—SRI C. K. GOVINDAN NAYAR: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether the Government are taking any steps to educate the public on the provisions of the Public Health Act, and if so, what;

(*b*) whether bulletins in English are sent to the Health Officers in the mufassal for propaganda;

(*c*) whether it is a fact that the Health Officer of the Tellicherry Municipality is handicapped in this work due to language difficulty; and

(*d*) whether it has been brought to the notice of the Director of Public Health and if so, what steps have been taken?

THE HON. DR. T. S. S. RAJAN:—"(*a*) & (*b*) The answer is in the affirmative.

"(*c*) & (*d*) Information has been called for."

Scheme for augmenting the water-supply to Vizagapatam.

* 1333 *Q.*—SRI D. V. RAMASWAMI: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether it is a fact that the Meghadrigedda scheme was abandoned by the Government; if so, when;

(*b*) what steps the Government have since taken to relieve the water famine in the Vizagapatam City;

(*c*) whether a deputation waited on the Hon. Minister in January 1939 for expediting the scheme of augmentation of water-supply; and

(*d*) whether the Government will be pleased to take up this question at an early date?

THE HON. DR. T. S. S. RAJAN:—"(*a*) The scheme was ordered to be abandoned in June 1938.

"(*b*) & (*d*) The Government have ordered the investigation of the Gosthani river scheme by the Superintending Engineer (Public Health) as expeditiously as possible.

"(*c*) The answer is in the affirmative."

Alleged supply by the Medical Stores Depot of defective surgical cabinets to hospitals.

* 1334 *Q.*—SRI N. RANGA REDDI: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether it is a fact that a surgical cabinet of a very inferior make was supplied to the Government Hospital at Proddatur by the Medical Stores Depot, Madras, at a very prohibitive cost, and whether a resolution was passed by the Hospital Advisory Committee to this effect and communicated to the Government;

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(*b*) whether the Medical Officer in charge of the hospital has brought the above matter to the notice of his superiors, and if so, what action has been taken on the above resolution;

(*c*) how many such cabinets have been supplied by the Medical Stores to the various Government Hospitals in the Presidency during the year 1938–39, and whether there was any complaint from the Medical Officers in charge of the hospitals to which they have been supplied; and

(*d*) who made these cabinets and what the actual amount paid for them was?

THE HON. DR. T. S. S. RAJAN :—" (*a*) *to* (*d*) No such report as is referred to in clause (*a*) has been received by the Government. Information has been called for from the Surgeon-General in respect of the other points raised in the interpellation."

Insufficiency of the number of dead bodies for the teaching of Anatomy in the Indian Medical School.

* 1335 *Q.*—SRI G. KRISHNA RAO : Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether he paid a visit of inspection to the Indian Medical School recently within the last one or two months; and

(*b*) whether he is satisfied that, for teaching Anatomy, there are sufficient number of dead bodies available for the training of students?

THE HON. DR. T. S. S. RAJAN :—" (*a*) The answer is in the affirmative.

" (*b*) There are sufficient number of dead bodies made available for the students in the school but the method of instruction, the arrangements for dissection work and individual attention to students' work in the way of a categorical record of dissection work are lacking. The Government are in communication with the authorities of the school regarding these matters."

SRI V. M. RAMASWAMI MUDALIYAR :—" May I enquire whether the Hon. Minister is aware of a certain reply to the speech of the Hon. Minister, made by the Principal of the School of Indian Medicine? "

THE HON. DR. T. S. S. RAJAN :—" The answer will be given in connexion with the next question."

Statement issued by the members of the City L.I.M. Association, Madras, on 15th April 1939.

* 1336 *Q.*—H. S. HUSSAIN SAHIB BAHADUR : Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether his attention has been drawn to a printed statement, dated 15th April 1939, issued by the members of the City L.I.M. Association, Madras, calling in question certain statements

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made by him in this House regarding the School of Indian Medicine and asking him to give wide publicity to the fact of their being incorrect; and

(b) if so, whether a statement of the correct facts will be placed on the table of the House and issued to the press for the benefit of the public?

THE HON. DR. T. S. S. RAJAN:—" (a) The answer is in the affirmative.

" (b) The Government do not consider it necessary to issue any such statement."

SRI V. M. RAMASWAMI MUDALIYAR:—" May I submit that the answer to this question does not cover the question that I put, whether the attention of the Hon. Minister has been drawn to a statement made by the Principal of the School of Indian Medicine *in reply to the observations of the Hon. Minister?* "

THE HON. DR. T. S. S. RAJAN:—" The Principal of the Indian Medical School has not given any official answer. But I *am aware of some reference he made by way of a speech* at a public meeting at that school."

SRI K. V. R. SWAMI:—" May I know from the Hon. Minister whether the Head of a Department is entitled to make such remarks at a public meeting about what the Hon. the Minister said in this House? "

THE HON. DR. T. S. S. RAJAN:—" The conduct of the Principal is certainly not according to the regulations laid down in the departmental code, but the Government do not take any serious notice of it."

Manufacture of bangles in this Province.

* 1337 Q.—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(a) whether any bangles are manufactured in this Province; and

(b) if so, where and in what quantities?

THE HON. SRI V. I. MUNISWAMI PILLAI:—" (a) Yes.

" (b) Up-to-date information is not available. Information collected in 1927 and 1928 by the Special Officer for the Survey of Cottage Industries regarding the place of manufacture and quantity produced is given in a statement [a] placed on the table of the House."

SRI K. V. R. SWAMI:—" May I ask whether the information will be called for by the Hon. Minister so that we may know the present situation? "

THE HON. SRI V. I. MUNISWAMI PILLAI:—" Yes, Sir; I shall try."

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[a] Printed as Appendix II at page 773 infra.

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Proposed levy of tariff on certain articles.

*1338 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether this Government submitted any proposals or suggestions in respect of articles on which tariff should be levied; and

(*b*) if so, what these proposals are?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"(*a*) Representations have been made to the Government of India regarding the levy of import duty on (1) rice and paddy, (2) coconut and coconut products, and (3) potatoes.

"(*b*) The correspondence with the Government of India on the question of levying duty on paddy, rice and coconuts is confidential, and it is not customary to place such confidential correspondence on the table of the House. As regards potatoes, the attention of the hon. Member is invited to the answer given to clause (*c*) of question No. 672 at the meeting of the Assembly on the 25th January 1939."

Nature of hand-spinning work done in Adoni and Kurnool taluks.

*1339 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the nature of work done in Adoni taluk of the Bellary district and the Kurnool taluk of the Kurnool district in respect of hand-spinning with the amount of Rs. 9,000 granted by the Government; and

(*b*) what the results produced are?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"(*a*) & (*b*) Information required has been called for."

Scheme for augmenting the food fish supply in all the districts.

*1340 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) whether the Fisheries Department carried out a survey of the perennial tanks of the Tinnevelly district;

(*b*) what the results of the survey are;

(*c*) whether any schemes have been formulated to augment the food fish supply of the district; and

(*d*) if so, whether the Government propose to survey the other districts and extend the scheme to them?

THE HON. SRI V. I. MUNISWAMI PILLAI:—"(*a*) *to* (*d*) The Government have no information but have called for a report."

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Industrial exhibitions held in the Province during 1937 *and* 1938.

* 1341 *Q.*—SRI V. VENKATASUBBAYYA: Will the Hon. the Minister for Industries and Labour be pleased to place on the table a list showing—

(*a*) the number of Industrial Exhibitions held in the Province during 1937 and 1938;

(*b*) the towns where they were held; and

(*c*) the funds contributed by the Government in aid of these exhibitions severally?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (*a*) *to* (*c*) Information required has been called for."

Revival of coir rope industry in certain places in Tiruturaipundi taluk.

* 1342 *Q.*—SRI A. VEDARATNAM PILLAI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether the previous Government had started coir rope industry at Periakuthagai, Akkaraikadu and Pushpavanam in Tiruturaipundi taluk, Tanjore district;

(*b*) whether the industry is still going on in that area;

(*c*) if not, why not; and

(*d*) whether the Government have taken any steps to re-start that industry there, in the near future?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (*a*) *to* (*d*) A report has been called for in the matter."

Measures for tapping new mineral resources in this Province.

* 1343 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) what steps the Government have taken to discover new mineral resources in this Province; and

(*b*) the results so far achieved?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (*a*) & (*b*) A proposal for the employment of a mining geologist to undertake an intensive survey of the mineral resources of this Province which was considered by Government recently has been deferred for the present."

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Number of scheduled class pupils attending Labour schools in Malabar, talukwar.

* 1344 *Q.*—Sri E. KANNAN: Will the Hon. the Minister for Industries and Labour be pleased to state the number of pupils belonging to each of the communities among the scheduled classes that are attending the Labour schools in each taluk in Malabar?

Sri B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—"The Government have no information but have called for a report."

Books and slates supplied to the pupils in Labour schools in Malabar.

* 1345 *Q.*—Sri E. KANNAN: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether it is a fact that all the pupils, Harijans as well as non-Harijans of the Labour schools in Malabar, are supplied with books and slates and if so, what the amount spent by the Labour Department for this purpose is in 1937–38 and in 1938–39;

(*b*) whether it is a fact that the pupils cannot take these books and slates out of the schools for their home use; and

(*c*) whether the Collector of Malabar or the District Labour Officer has issued any order allowing the pupils to take these articles home and if so, whether a copy of that order will be placed on the table?

Sri B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—"(*a*) *to* (*c*) The Government have no information, but have called for a report."

Alleged promotion of conversion of Harijans to Christianity by the Labour school teachers in North Malabar.

* 1346 *Q.*—Sri E. KANNAN: Will the Hon. the Minister for Industries and Labour be pleased to state whether it is a fact that some of the Labour school teachers in North Malabar are doing propaganda to promote conversion of Harijans to Christianity?

Sri B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—"The Government have no information but have called for a report."

Quantity of card board imported into this Presidency every year and the quantity purchased out of it by the Government.

* 1347 *Q.*—Sri D. NARAYANA RAJU: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(*a*) how much card board is imported every year into this Presidency; and

(*b*) how much of it is purchased by the Government of Madras every year?

THE HON. SRI S. RAMANATHAN:—" (*a*) The Government have no information.

" (*b*) A statement [a] showing the quantity and price of card-board purchased for the last five years is placed on the table."

MR. W. K. M. LANGLEY:—" Are we to understand, Sir, that in connexion with so many questions which crop up every day, the Government are completely in ignorance about matters which surely they may enquire into the details of, and supply the information to the members of the House? "

THE HON. SRI S. RAMANATHAN:—" May I say that clause (*a*) of the question relates to the quantity of card-board imported into the Province . . . ? "

MR. SPEAKER:—" He puts a general question as to how the Government could not get information with regard to so many questions."

THE HON. SRI S. RAMANATHAN:—" Members must ask questions about which information is available."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" So far as the quantity of card-board that is imported is concerned, I am sure statistics will be available in the Customs department, and the information can be given. I do not know why the Government have not taken the trouble to find it out."

MR. W. K. M. LANGLEY:—" May I also point out, Sir, that practically all these replies to the effect that the Government have no information are supplied to us by the Hon. Minister for Public Information? "

Municipalities and district boards running bus services.

* 1348 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) the municipalities and district boards which run bus service on competitive basis and on monopoly basis; and

(*b*) whether each such municipality or district board is working the bus service at a loss or profit?

THE HON. SRI B. GOPALA REDDI:—" (*a*) The Coimbatore District Board is the only local body which runs a bus service. The service is run on the Coimbatore-Pollachi route on a monopoly basis.

" (*b*) The service referred to in the answer to clause (*a*) commenced on 1st July 1938. It yielded a profit for the half year ended 31st December 1938."

[a] Printed as Appendix III at pages 774–775 infra.

SRI T. N. RAMAKRISHNA REDDI :—" Has the attention of the Government been drawn to the resolutions passed at the Conference of the Presidents of Local Boards, requesting the Government to declare it as their general policy to encourage the district boards taking up the running of bus services? "

THE HON. SRI B. GOPALA REDDI :—" I got a copy of the resolution passed at the said District Board Presidents' Conference unofficially, Sir."

SRI T. N. RAMAKRISHNA REDDI :—" Are the Government going to declare it as a general policy? "

THE HON. SRI B. GOPALA REDDI :—" The Hon. Minister for Law has been pleased to state that he is going to call for a big conference in this matter."

SRI D. V. RAMASWAMI :—" May I ask whether the attention of the Minister for Local Administration has been drawn to the protests against taking up by district boards of these bus services, especially by the West Godavari district bus-owners and unions? "

THE HON. SRI B. GOPALA REDDI :—" I do not know about West Godavari; but certainly from certain other districts protests have been received."

SRI V. M. RAMASWAMI MUDALIYAR :—" May I ask the Hon. Minister for Local Administration whether he has consulted the Law Minister as to the desirability or otherwise of local bodies running bus services on their own account? "

THE HON. SRI B. GOPALA REDDI :—" The hon. Member may rest assured that nothing will be done without consulting the Hon. Minister for Law."

MAHBOOB ALI BAIG SAHIB BAHADUR :—" May I ask whether the Government are aware of the agitation in the Presidency on behalf of private bus-owners that the introduction of monopoly by vested interests would result in loss to bus-owners and would also result in great unemployment? "

THE HON. SRI B. GOPALA REDDI :—" I have already said that some representations have been received, and I am convinced there is some agitation."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" May I know whether it is not a fact that the road that has been taken up by the Coimbatore District Board is the only road that will give some profit to the district board? "

THE HON. SRI B. GOPALA REDDI :—" It is too much of a presumption, Sir."

MAHBOOB ALI BAIG SAHIB BAHADUR :—" May I ask what the attitude of the Government is in regard to this matter, especially when this monopoly of the district boards could be got only at a loss to the bus-owners, and when this will also result in unemployment in the country? "

THE HON. SRI B. GOPALA REDDI :—" Without agreeing with the argument given by the hon. Member, I may say that the question is open, and that is why the Hon. Minister for Law is calling for a big conference on this matter."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" May I ask whether the Hon. Minister is aware that the railway line from Coimbatore to Pollachi itself is run by the district board and so, their having taken up the same route for running motor buses in order to avoid competition with private bus-owners, will not be a guiding factor to decide that the service is run at a profit? "

THE HON. SRI B. GOPALA REDDI :—" I submit it is an argument and not a question." (Laughter.)

MR. SPEAKER :—" It is a speech."

Introduction of a Panchayat Bill in the Legislature.

* 1349 Q.—SRI P. MADHAVAN : Will the Hon. the Minister for Local Administration be pleased to state—

(a) when the Panchayat Bill is going to be introduced in the Legislature; and

(b) whether a separate Bill is going to be introduced or suitable amendments to the Madras Local Boards Act are going to be made?

THE HON. SRI B. GOPALA REDDI :—" (a) It is not possible to say definitely when a Panchayat Bill will be introduced in the Legislature.

" (b) No decision has been arrived at in the matter."

Supply of mid-day meal or milk to children in elementary schools in the Province.

* 1350 Q.—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR : Will the Hon. the Minister for Education be pleased to state—

(a) the number of Government and aided elementary schools in the Province in which children are given either mid-day meal or milk; and

(b) the amount of milk so given to each pupil?

THE HON. SRI C. J. VARKEY :—" (a) & (b) Mid-day meals are given to pupils in Government Chenchu schools and in the Government Labour school, Naduvattam, the Nilgiris district. No milk is supplied in any Government school. As regards aided schools, the Government have no information."

SRI K. V. R. SWAMI :—" May I ask the Hon. Minister whether such food is given in Chenchu schools in the Agency? "

THE HON. SRI C. J. VARKEY :—" Notice, Sir."

Views of this Government on the Report on Education of Messrs. Abbot and Wood.

* 1351 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether Government was called upon to express its views on the recommendations contained in the Report on Education by Messrs. Abbot and Wood; and

(*b*) what the opinion given by this Government was?

THE HON. SRI C. J. VARKEY:—"(*a*) Yes.

"(*b*) A copy of letter No. 697 *, dated the 21st March 1938, which contains the views of this Government is placed on the table."

Reasons for the larger number of schools for European and Anglo-Indian girls than for boys.

* 1352 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Education be pleased to state the reasons for there being more high schools and middle schools for European and Anglo-Indian girls than for boys of those communities?

THE HON. SRI C. J. VARKEY:—"The schools in question are not Government institutions. The Government cannot enquire of private managements why they opened more girls' schools than boys' schools."

Appointment of non-Telugus as Lecturers and District Educational Officers in Telugu districts.

* 1353 *Q.*—SRI GRANDHI VENKATA REDDI: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether it is a fact that the Government have decided in G.O. No. 562, Education and Public Health, dated the 5th March 1938, that the vernacular should be used as the medium of instruction in all non-language subjects in the high school forms in all the high schools in areas which are not bi-lingual or multi-lingual;

(*b*) whether it is a fact that some officers who are not acquainted with Telugu are posted as Lecturers in the Government Training College, Rajahmundry, and some as District Educational Officers in the Telugu districts; and

(*c*) whether it is a fact that the Science and Geography Lecturers attached to the Government Training College, Rajahmundry, are not acquainted with Telugu and that their work is being done by others?

* Printed as Appendix IV at pages 776-777 infra.

THE HON. SRI C. J. VARKEY:—" (a) Yes.

" (b) Yes, in a few cases. Promotions and transfers cannot always be made on a language basis. Moreover a District Educational Officer has always the assistance of a Telugu knowing Deputy Inspector of Schools.

" (c) The Government have not the information and have called for it."

Government Order cancelling the sectional holidays for Muslim students in secondary schools.

* 1354 *Q.*—MIR AKRAM ALI SAHIB BAHADUR: Will the Hon. the Minister for Education be pleased to state—

(a) whether the Government have cancelled the sectional holidays enjoyed by the Muslim students of the secondary schools of this Province; and

(b) if so, whether the Hon. the Minister will be pleased to place this Government Order on the table of this House?

THE HON. SRI C. J. VARKEY:—" (a) & (b) No change has been made in the rules relating to the grant of holidays in Muslim schools. The rules did not provide for the grant of sectional holidays for Muslims in non-Muslim schools. The President, District Board, Bezwada, asked for orders on this point. A copy of the orders* issued together with the connected correspondence is laid on the table."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—" May I know, Sir, whether sectional holidays are given to non-Muslim and Muslim communities in Government schools?"

THE HON. SRI C. J. VARKEY:—" They are given."

Proposed opening of a Wardha training college.

* 1355 *Q.*—SRI P. MADHAVAN: Will the Hon. the Minister for Education be pleased to state—

(a) when and where the Wardha training college is going to be opened;

(b) whether the Government have drawn up the rules regarding the admission and qualifications of the candidates; and

(c) if the answer to clause (b) is in the affirmative, whether the Government will be pleased to place them on the table?

THE HON. SRI C. J. VARKEY:—" (a) The question of opening a Wardha training school is still under consideration.

" (b) The answer is in the negative.

" (c) Does not arise."

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* Printed as Appendix V at pages 777-779 infra.

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Government order prohibiting teachers from participating in politics.

* 1356 *Q.*—Sri P. MADHAVAN: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether the Government have recently passed orders prohibiting teachers from participating in politics; and

(*b*) whether the Government will be pleased to place a copy of the orders on the table?

The Hon. Sri C. J. VARKEY:—" (*a*) The question of issuing such orders is under consideration.

" (*b*) In view of the answer to (*a*) the question does not arise."

Exemption of Harijan teachers from the rule regarding completion of teachers' certificates before recruitment in Government service.

* 1357 *Q.*—Sri E. KANNAN: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether all teachers are required to complete their teachers' certificates before recruitment in Government service;

(*b*) whether the Government have received representations that the Harijan teachers should be exempted from this rule in view of the great difficulty they experience to secure service in aided schools and thereby complete their training certificates; and

(*c*) whether the Government have considered this matter and whether orders regarding this can be expected shortly?

The Hon. Sri C. J. VARKEY:—" (*a*) Yes; but the rules allow the appointment of a probationary trained teacher when no candidate possessing the completed teachers' certificate is available.

" (*b*) & (*c*) The question of modifying the rules relating to the award of teachers' certificates is under consideration."

Transfer of the members of the City Police to mufassal and vice versa.

* 1358 *Q.*—H. S. HUSSAIN SAHIB Bahadur: Will the Hon. the Prime Minister be pleased to state—

(*a*) whether members of the City Police are transferred to the mufassal and vice versa;

(*b*) for how long a Police officer of the rank of Inspector or Sub-Inspector, respectively, is kept in each division of the city; and

(*c*) whether any Police officer has been retained in any division beyond the normal period and if so, for how long and for what reasons?

THE HON. SRI C. RAJAGOPALACHARIAR:—" (a) The answer is in the affirmative.

" (b) For a period of not more than three years normally.

" (c) A statement [a] giving the information is laid on the table."

Publicity given by the Government to the provisions of the Madras Removal of Civil Disabilities Act, 1938.

* 1359 *Q.*—SRI E. KANNAN: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state what kind of publicity the Government have given to the Madras Removal of Civil Disabilities Act, 1938?

THE HON. SRI S. RAMANATHAN:—" The provisions of the Act have been incorporated in the pamphlet entitled 'Harijan Uplift' by the Government of Madras, which has been given very wide publicity in the languages of the Province as well as in English. According to this law:

Notwithstanding any law, custom, usage or prescription to the contrary, no Hindu shall, by reason merely of his belonging to any particular community or class known as Harijans, Untouchables, Depressed Class or the like, be prevented or disabled from being appointed to any public office or enjoying or having access to any public stream, river, well, tank, pathway, sanitary convenience, or means of transport or any secular institution which the general public belonging to all other classes and communities of Hindus have a right to enjoy or have access to or which is dedicated or maintained or licensed for the use of the general public or which is maintained or paid for out of the funds of the State or a local authority; and no civil, criminal or revenue court in adjudicating any matter or executing any order and no public or local authority in carrying on the affairs entrusted to such authority shall recognize any custom, usage or prescription under which it is sought to impose any civil disability on any person by reason of his belonging to any of the classes or communities aforesaid, or by reason of any acts or omissions on the part of such person which would not furnish grounds for such disability if he did not belong to such class or community.

" It is hoped that all good citizens will help to carry out the intentions of this law in spirit as in the letter, for the sake of the peace and progress of this Province and its good name."

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[a] Printed as Appendix VI at page 779 infra.

SRI V. KURMAYYA :—" May I know the definition of the words ' secular institutions '? "

THE HON. SRI S. RAMANATHAN :—" ' Secular ' means non-religious."

SRI V. KURMAYYA :—" Does that term include hotels and restaurants? "

THE HON. SRI S. RAMANATHAN :—" I presume so, Sir."

* 1360 Q [a].—BASHEER AHMED SAYEED SAHIB BAHADUR :—" I do not propose to put the question to-day, Sir, and I crave your leave to put it to-morrow."

MR. SPEAKER :—" Yes."

Transfer of land record maintenance work in the Chingleput district to the Survey department.

* 1361 Q.—SRI P MADHAVAN : Will the Hon. the Minister for Revenue be pleased to state—

(a) whether the Government are aware that the maintenance work which was formerly in the hands of the Revenue department is now handed over to the Survey department in the Chingleput district;

(b) what the cost of replacement of one survey stone was when the work was carried out by the Land Record section of the Revenue department;

(c) after it was handed over to the Survey department, what the original cost of replacement of one stone is;

(d) whether it is a fact that travelling allowance was once disallowed to the inspection officers by the Survey department; if so, why; and

(e) what the necessity of its revival is?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Sri T. Prakasam :—" (a) In five taluks of the Chingleput district the Survey Department are now engaged on an experimental scheme for the reduction of the number of maintainable stones and in the course of this work are also attending to stone maintenance.

" (b) The cost of replacing a stone consists of the cost of the type of stone required as fixed by the Collector for each village plus the cost of any hired labour employed.

" (c) The cost should be the same whether the stone is replaced by the Revenue or Survey departments.

" (d) & (e) Inspection officers of the Survey department are at present entitled to travelling allowance. There is no information as to when it was disallowed to these officers. A report has been called for."

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[a] Vide question No. 1377 answered on 13th May 1939.

Absorption of certain discharged clerks of the Public Works department in the Electricity department.

* 1362 *Q.*—MAHBOOB ALI BAIG SAHIB BAHADUR:—Will the Hon. the Minister for Public Works be pleased to state—

(*a*) whether it is a fact that 18 Public Works department clerks, Bezwada Circle, have been discharged since February 1939;

(*b*) whether it is a fact that these clerks had been in service, temporary or acting, even prior to 1929;

(*c*) whether it is a fact that in the Electricity branch of the Public Works department, clerks have been newly appointed only recently; if so, what the justification is for discharging the Public Works department clerks who have put in more service instead of allotting them to the Electricity department;

(*d*) whether it is a fact that the Cauvery-Mettur Project clerks were distributed to the Public Works department circles after the termination of Mettur project work and that they were given their past service for seniority, promotion and confirmation in the circles; if so, why the same precedent has not been followed in the case of these 18 clerks; and

(*e*) whether it is a fact that these 18 clerks sent up memorials to the Government in February and March 1939; if so, what the action taken by the Government on the same is?

SRI T. VISWANATHAM (Parliamentary Secretary) on behalf of the Hon. Mr. Yakub Hasan:—"The information is not available and has been called for."

Number of cases charged under the new Road Traffic Regulations and the amount of fine collected in the Bellary district.

* 1363 *Q.*—SRI H. SITARAMA REDDI: Will the Hon. the Minister for Law be pleased to state the number of cases charged in villages in the Bellary district for contravention of the new Road Traffic Regulations and the amount of fine realized thereby?

THE HON. DR. P. SUBBARAYAN:—"The Government have no information."

Health of Sri E. V. Ramaswami Naicker.

* 1364 *Q.*—SRI B. BHAKTAVATSALU NAYUDU: Will the Hon. the Minister for Law be pleased to state—

(*a*) whether it is a fact that Dr. Guruswami Mudaliyar and another doctor had been deputed by the Government to examine the health of Sri E. V. Ramaswami Naicker who is in the Central Jail, Bellary;

(*b*) if the answer to clause (*a*) is in the affirmative, whether the Government will be pleased to place on the table of the House the medical reports of the two doctors who examined him;

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(*c*) what the present condition of his *health* is and what his present *weight* is; and

(*d*) whether it is a fact that the climatic conditions of Bellary are most unsuitable to his health?

THE HON. DR. P. SUBBARAYAN:—"(*a*) As the prisoner requested that Dr. M. R. Guruswami Mudaliyar who had treated him before should see him, Dr. Mudaliyar was deputed by the Government to proceed to the Central Jail, Bellary, to examine Sri E. V. Ramaswami Naicker, and on his advice the prisoner has been fitted with a new abdominal belt.

"(*b*) The answer is in the negative.

"(*c*) The present condition of his health is satisfactory and his weight is 176 lb.

"(*d*) The Government are not of this opinion, but on the advice of Dr. M. R. Guruswami Mudaliyar that Sri E. V. Ramaswami Naicker might be transferred during the hot weather to a cooler place, the Government have ordered his transfer to the Central Jail, Coimbatore."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"May I ask the Minister for Law where the necessity is for keeping the report of Dr. Guruswami Mudaliyar secret and not placing it on the table of the House?"

THE HON. DR. P. SUBBARAYAN:—"For the simple reason that it was a report submitted to Government at Government request by Dr. Guruswami Mudaliyar. There are two parties to the report—the Government and Dr. Guruswami Mudaliyar; and I do not think it is right for the Government to publish the report."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"There may be two parties or more; but when there is a request to know fully the condition of the patient, would it not be fair to this House if the Government take this House into their confidence and place the report of an eminent doctor like Mr. Guruswami Mudaliyar on the table of the House?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"May I draw the attention of the hon. the Leader of the Opposition to the fact that medical reports are generally treated as confidential?"

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Sir, as we now understand that Mr. Ramaswami Naicker is a patient in Madras under observation, would the Government be pleased to assure us that he will be kept on in Madras and not removed to Coimbatore as long as Dr. Guruswami Mudaliyar considers it necessary?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"The prisoner is not here for observation, Sir. He is on transit to Coimbatore and the occasion is taken advantage of for fitting him up with the abdominal belt which Dr. Guruswami Mudaliyar had advised. It is not in consonance with Dr. Guruswami Mudaliyar's advice to keep him here, however useful it may be for other purposes. The condition under which he has been transferred to Coimbatore will not be satisfied by keeping him in Madras, and Mr. Guruswami Mudaliyar has not advised that he should be kept in Madras. Further than that, I do not think, Sir, we can discuss administrative matters."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I would like to assure the Hon. the Premier that there was no other purpose in my suggesting it. I only said that *en route* to Coimbatore he might be kept here as long as the doctor wants him; nothing more than that; if the doctor says that he can go away, he can be sent. That is the purport of my question and I am sorry the Hon. the Premier meant something else which I did not mean at all."

THE HON. SRI C. RAJAGOPALACHARIAR:—"The hon. the Leader of the Opposition and others interested in the prisoner should have known that the Government have taken every step to see that proper medical care is taken of the prisoner and it is because we have been so considerate that the prisoner is here and on his way to Coimbatore. There is therefore no reason for the member to imagine that if the doctor had definitely said that he ought to remain here, he would have been packed off. There is no such intention and the Government are responsible for the prisoner's health; and, as it would be seen, his health has since improved."

SRI B. BHAKTAVATSALU NAYUDU:—"Is it a fact, Sir, that he was brought to Madras in an inter-class compartment?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"It is not possible for me to say whether it was so, but there is nothing dreadful in that."

Enquiry into the affairs of the Panchayat Board, Chodavaram.

* 1365 *Q.*—SRI D. V. RAMASWAMI: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) whether the District Panchayat Officer, Vizagapatam, conducted any and if so, what enquiry into the affairs of the Panchayat Board, Chodavaram, and with what result;

(*b*) whether the Inspector of Local Boards conducted any and if so, what enquiry on 19th February 1939 when he visited Chodavaram and what orders he passed;

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(c) whether he examined the persons who submitted signed representations to him; and

(d) whether the Government have come to any decision?

THE HON. SRI B. GOPALA REDDI:—" (a) The hon. Member apparently refers to the Chodavaram Panchayat Board. The District Panchayat Officer conducted an enquiry and brought to notice several irregularities in the administration of the panchayat board.

" (b) The Inspector conducted an enquiry on the 19th February 1939 and has recommended that the panchayat board may be superseded.

" (c) The Government have no information.

" (d) The panchayat board has been asked to show cause why it should not be superseded."

SRI D. V. RAMASWAMI:—" May I ask the Hon. Minister to give the date when the Government called for the report? "

THE HON. SRI B. GOPALA REDDI:—" I am sorry I am unable to give the date."

MAHBOOB ALI BAIG SAHIB BAHADUR:—" May I ask, Sir, how many panchayat boards have been superseded so far and how many of them since the Congress Government have taken up office? "

MR. SPEAKER:—" Such a general question is not a supplementary question."

Inclusion of instruction in first aid in the training of elementary school teachers.

* 1366 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Education be pleased to state—

(a) whether instruction in first aid is included in the training of elementary school teachers; and

(b) if not, why not?

THE HON. SRI C. J. VARKEY:—" (a) The answer is in the affirmative.

" (b) The question does not arise."

Abolition of posts of attenders in the offices of certain Deputy Inspectors of Schools in Guntur.

* 1367 *Q.*—SRI H. SITARAMA REDDI: Will the Hon. the Minister for Education be pleased to state—

(a) whether the posts of attenders in the offices of the Deputy Inspectors of Schools under the jurisdiction of the Divisional Inspector of Schools, Guntur, have been abolished in cases where the number of schools in the Deputy Inspector's range is less than 100; and

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(b) whether this order was passed after the issue of the Government Order regarding the formation of the taluk advisory committees?

THE HON. SRI C. J. VARKEY :—" (a) & (b) The posts have not been abolished but the attenders have been posted to the offices of Deputy Inspectors, where the work is heavy."

Picketers sentenced in connexion with the Choolai Mill strike.

* 1314 Q.—SRI G. RANGIAH NAYUDU: Will the Hon. the Prime Minister be pleased to state—

(a) the number of picketers sentenced in connexion with the Choolai Mill strike;

(b) the term for which they were sentenced;

(c) whether there has been any complaint of violence having been used, and if so, the nature of the violence complained of;

(d) whether these picketers were handcuffed and taken to their respective prisons on their way;

(e) whether it is a fact that the handcuffs were put to pairs of prisoners; and

(f) whether it is a fact that a considerable number of the picketers are not keeping good health?

THE HON. SRI C. RAJAGOPALACHARIAR :—" (a) One hundred picketers were sentenced in connexion with the Choolai Mill strike.

" (b) Eighty-two were sentenced to two months simple imprisonment each. Eighteen were sentenced to a fine of Rs. 5 each and bound over for two months for Rs. 25 each in their own recognizances.

" (c) The complaint was that persons were *forcibly* prevented from entering the Mill premises by the picketers holding their hands, arms and legs and pushing, etc.

" (d) & (e) The answer is in the negative.

" (f) The Government had no such information. The men were all released a few days ago, the terms of imprisonment still remaining to be undergone having been remitted."

SRI V. M. RAMASWAMI MUDALIYAR :—" Arising out of the answer to clause (c), may I know, Sir, whether it is not a fact that the action complained of was by way of entreaty not to bring in black-legs? "

THE HON. SRI C. RAJAGOPALACHARIAR :—" Whatever the intentions were, where wrongful restraint which cannot be permitted is involved in any form of picketing, any further questions about it would be to re-open the sentence of the magistrate here."

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Sri R. M. PALAT:—" May I know, Sir, what was the Act under which these people were charged? "

The Hon. Sri C. RAJAGOPALACHARIAR:—" A very old Act called the Indian Penal Code."

Sri R. M. PALAT:—" May I know, whether in all other cases, for instance, anti-Hindi picketing, charges are always made under the same Indian Penal Code? "

Mr. SPEAKER:—" That is not meant to elucidate the answer."

Sri R. M. PALAT:—" May I ask, whether in all cases this Indian Penal Code is resorted to? "

The Hon. Sri C. RAJAGOPALACHARIAR:—" The Indian Penal Code was applicable to all those cases and so it was used. If the Indian Penal Code cannot meet that particular form of nuisance, other laws have to be invented."

Amortisation of the pre-1921 debts.

* 1315 *Q.*—Sri G. KRISHNA RAO: Will the Hon. the Prime Minister be pleased to state—

(*a*) whether it is a fact that the Provincial Government had the option of amortising the pre-1921 debts;

(*b*) whether they exercised their option in this matter when the settlement of accounts took place between the Central Government and the Madras Government; and

(*c*) if so, whether this Government were responsible for the settlement?

The Hon. Sri C. RAJAGOPALACHARIAR:—" (*a*) The Madras Government had such an option up to the 31st March 1937, so far as the pre-1921 Irrigation debt is concerned. The position is explained in paragraph 12 of the Budget Memorandum for 1939–40.

" (*b*) The Madras Government did not exercise this option. As an integral part of the financial settlement between the Central Government and the Madras Government, which came into effect as from the closing of the accounts on the 31st March 1937 in accordance with the recommendations of Sir Otto Niemeyer in his Indian Financial Enquiry Report as accepted by the Secretary of State for India, the amount of the decentralized deposit balances of this Province available for repayment of debt was utilized for repayment of the pre-1921 Irrigation debt, as explained in paragraph 16 of the Budget Memorandum for 1939–40.

" (*c*) The present Government were not responsible for that settlement."

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SRI G. KRISHNA RAO:—"May I know, Sir, if the Irrigation debt which amounted to nearly 8 crores and about which reference was made in the Budget Memorandum and which was bearing only interest in perpetuity, was completely negatived by the Secretary of State, since the new Government of India Act came to force?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"I think this forms the subject-matter of the next question and the hon. Member may wait for a reply to that."

Curtailment of the period of repayment of the Cauvery-Mettur Project debts, etc.

* 1316 *Q.*—SRI G. KRISHNA RAO: Will the Hon. the Prime Minister be pleased to state—

(*a*) whether it is a fact that the Cauvery-Mettur Project debts, etc., amounting to nearly 7¼ crores were arranged to be repaid on an equated payment basis in 70 annual payments; and

(*b*) why subsequently the period of repayment was curtailed to 45 years?

THE HON. SRI C. RAJAGOPALACHARIAR:—"(*a*) As explained in paragraph 12 of the Budget Memorandum for 1939–40, the total amount of Rs. 613⅓ lakhs borrowed from the Central Government for financing the Cauvery-Mettur Project was, according to the terms on which the amount was originally borrowed, to be repaid in 70 annual equated payments (to include principal and interest).

"(*b*) Under the terms of the comprehensive financial settlement between this Province and the Central Government which came into effect on the 31st March 1937 in accordance with the recommendations of Sir Otto Niemeyer in his Indian Financial Enquiry Report as accepted by the Secretary of State for India, all the amounts outstanding on the 31st March 1937 on account of loans taken by this Province from the Central Government were consolidated into a single loan, as explained in paragraph 16 of the Budget Memorandum for 1939–40, and the maximum period for the repayment of the consolidated loan was fixed at 45 years. The reasons given by Sir Otto Niemeyer for adopting this period are contained in paragraphs 3 and 4 of Appendix III to his report."

SRI G. KRISHNA RAO:—"Am to understand, Sir, that the Provincial Government have no voice at all in the matter of any settlement or arrangement in regard to the disposal of these balances?"

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THE HON. SRI C. RAJAGOPALACHARIAR:—"Practically no voice, Sir, and at present it is an academical question. It is open to us to raise a loan for this Irrigation debt, but we would have to pay more in the present state of things than what we were paying to the Government of India in all likelihood."

Reduction of the rate of interest payable to the Central Government on the existing debts.

*1317 Q.—SRI G. KRISHNA RAO: Will the Hon. the Prime Minister be pleased to state with regard to the reduction of rate of interest from 4½ to 3 per cent on the existing debts due to the Central Government, whether the Government have made any move in the matter?

THE HON. SRI C. RAJAGOPALACHARIAR:—"The answer is in the negative."

SRI G. KRISHNA RAO:—"May I know whether it is not a fact that representations were to be made with regard to this matter to the Secretary of State for India to reduce the rate of interest on this amount and was it not a fact that it was said by the Government sometime ago that efforts would be made to request the Secretary of State to reduce the interest to 3 per cent instead of 4½ per cent which the Government are at present paying?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"The hon. Member is not perhaps putting it quite accurately. I had said, I believe, that we would consider the matter and that the suggestion would be taken into account. At present, as I said already, it would be absolutely no good to try to negotiate because it would be a question of raising a fresh loan to repay the old one and under present world conditions it would not be of any use now."

SRI G. KRISHNA RAO:—"May I know if the Provincial Government could not float a loan itself when it could get money at 3 per cent, and pay off the loan to the Central Government and thus save almost about half the amount in interest which comes to about 11½ lakhs a year?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"That is just what I said, Sir. It is one thing to negotiate for reduction of interest directly with the Government of India, for which there was no chance. As regards the raising of a fresh loan, it is one thing to find a certain loan—which we could have raised—being subscribed for at the percentage that was referred to, and another thing for both

the Central Government, we and all the Provincial Governments to place their loans in the market now in such large and consolidated amounts, which under present conditions, this Government does not consider it wise to launch upon now."

Inclusion of the Boya community in the Ceded districts in the list of Scheduled Classes.

* 1318 *Q.*—SRI N. RANGA REDDI: Will the Hon. the Prime Minister be pleased to state—

(*a*) when the list of Scheduled Classes was made and on what basis;

(*b*) whether the same list applies to the grant of scholarships to educational institutions and to appointments to public services;

(*c*) whether the 'Boya' community in Ceded districts is recognized as 'Valmiki' and whether both of them are not one and the same for appointments to public services; and

(*d*) whether any representations have been sent to the Hon. Sri V. I. Muniswami Pillai that the Boya community should be included in the list of Scheduled Classes for the purpose of clearing all doubts and whether any action has been taken on those mahazars?

THE HON. SRI C. RAJAGOPALACHARIAR:—"(*a*) & (*b*) A list of depressed classes based on the practice of untouchability was prepared in connexion with the census of 1931. The list was subsequently adopted by the White Paper on the Indian Constitutional Reform with the designation of 'Scheduled Castes.' The same list has been adopted for the purpose of communal representation in the public services under the name 'Scheduled Classes' and for the purpose of such special scholarships as are intended only for the 'Scheduled Classes' in educational institutions.

"(*c*) The Boya community of the Ceded districts is not the same as the Valmiki community included in the list of Scheduled Classes.

"(*d*) Enquiries do not show that any representations have been received."

Supersession of candidates of other communities selected first, by the appointment of Muslim and Scheduled castes candidates selected later.

* 1319 *Q.*—SRI K. VARADACHARI: Will the Hon. the Prime Minister be pleased to state—

(*a*) whether it is a fact that in the Madras Ministerial Service, in the City of Madras the candidates selected for appointment by the Madras Public Service Commission in previous years and

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who have been given temporary appointments off and on, are superseded by candidates selected by this Commission in later stages;

(*b*) if the answer is in the affirmative what the reason is:

(*c*) whether it is a fact that men of the Scheduled Castes and Muslims selected in January 1939 are being appointed to posts superseding candidates of other communities though they were selected in previous years since 1935 and have acted but have not completed their probation;

(*d*) if the answer to clause (*c*) is in the affirmative, whether the Government are aware that such a system is causing injustice and discontent to candidates belonging to communities other than the Scheduled Castes and Muslims; and

(*e*) what steps the Government intend to take to ensure justice in the circumstances?

THE HON. SRI C. RAJAGOPALACHARIAR:—" (*a*) *to* (*c*) Candidates selected for appointment to the Madras Ministerial Service in the City of Madras are allotted for appointment according to the rank in the list approved by the Madras Public Service Commission under the several communities. When an appointing authority applies to the Collector stating the community of the candidate to be selected and the language in which he should be qualified, the Collector allots for appointment the senior candidate on the current list of the community desired who is qualified in the language required. Such candidate may after some time be ousted for want of a vacancy, in which case his name is restored to the approved list in the rank in which he was originally selected by the Madras Public Service Commission. Whenever there is a call for a candidate of a particular community and a candidate of that community who has already started probation is not available in previous year's approved list, a candidate of the required community in the subsequent list has to be allotted for appointment. To this extent a candidate selected in a previous year and placed on probation may be considered as superseded by another selected subsequently.

" (*d*) & (*e*) The injustice and discontent referred to arise because recruitment is made on communal and linguistic basis. If recruitment were made irrespective of these considerations, then members of communities which are inadequately represented in the service would feel aggrieved. A certain amount of discontent or what may be called injustice is bound to exist under any system of recruitment and the present practice is supported only on the theory of a choice of the lesser of two evils."

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3-45 p.m. KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—"May I know whether it is not a fact that in recruiting depressed class candidates and others, if the turn is passed over for want of a qualified hand, the next vacancy is given to those communities whose turn has been passed over?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"There is a suitable arrangement for such a provision which has already been explained to the House. They proceed to the next and then go round. That has been settled long ago and we have maintained that practice."

KHAN BAHADUR MAHMUD SCHAMNAD SAHIB BAHADUR:—"That is to say even if candidates selected in previous years are *available, if the turns of that community have been passed over,* they have to be preferred?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"I have satisfied myself from the papers that I have examined that the arrangement is just. After the recent removal of the age-bar in respect of certain classes and certain communities, the passing over will be less and less."

SRI S. NAGAPPA:—"May I ask, Sir, whether districtwar representation is considered when such appointments are made?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"Which appointments, please?"

SRI S. NAGAPPA:—"Every appointment recruitment to which is made by the Service Commission."

THE HON. SRI C. RAJAGOPALACHARIAR:—"There are certain groupings of districts for purposes of the Ministerial Service."

SRI S. NAGAPPA:—"May I know whether for such appointments districtwar representation is considered?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"Yes, Sir, to a very large extent."

Number of candidates for the Public Service Examination held in October 1938.

* 1320 *Q.*—DR. MUHAMMAD ABDUS SALAM: Will the Hon. the Prime Minister be pleased to state how many candidates appeared for the Public Service examination held in October 1938?

THE HON. SRI C. RAJAGOPALACHARIAR:—"The services for which competitive examinations were held in October 1938 and the number of candidates who appeared for those examinations are—

(1) Madras Secretariat Service	68
(2) Madras Ministerial Service	2,603
(3) Madras Judicial Subordinate Service ...	318"

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* 1321 *Q.—Omitted.*

Fees collected from the candidates appearing before the Public Service Commission and the basis for the determination of the comparative merits of the candidates.

* 1322 *Q.*—Sri K. VENKATAPPAYYA: Will the Hon. the Prime Minister be pleased to state—

(*a*) the amount of fees prescribed for applications and for interviews for the candidates appearing before the Public Service Commission;

(*b*) the amount of fees collected in the year 1938–39;

(*c*) for what purposes the amount was spent and how much;

(*d*) whether any marks are fixed for the examination and for the interview;

(*e*) whether the marks obtained by each candidate are published; and

(*f*) the basis on which the comparative merits of the candidates examined at the interview are determined?

The Hon. Sri C. RAJAGOPALACHARIAR:—" (*a*) & (*d*) Answers [a] to clauses (*a*) and (*d*) are laid on the table, being long lists.

" (*b*) The Government have no information at hand.

" (*c*) These fees form part of the revenues of the Province and are not earmarked for any particular purpose.

" (*e*) The answer is in the negative.

" (*f*) This is a matter for the Service Commission and cannot be set out though it is easy enough to say that A is better than B or C."

Khan Bahadur MAHMUD SCHAMNAD SAHIB Bahadur:—" May I know Sir, whether the Government will make a rule to be followed by the Service Commission, fixing the standards for all candidates for the Ministerial staff? "

The Hon. Sri C. RAJAGOPALACHARIAR:—" It is just because it is not easy to lay down specific standards and yet it is important to weigh certain points which it is important to weigh but cannot be weighed by definite standards, that personal interviews have been prescribed. It would be doing away with the advantage of the personal interview if we make it something like a written examination."

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[a] Printed as Appendix VII at pages 780–781 infra.

K. ABDUR RAHMAN KHAN SAHIB BAHADUR:—" May I suggest to the Hon. the Premier the desirability of earmarking such amounts collected by way of examination fees for relief to the unemployed?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" A very good suggestion but not very practicable. It would not go very far."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" In view of the fact that most of the candidates consider the fees very high, would the Government consider the desirability of revising them?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" This and other suggestions will be considered after the taxation measures are passed." (Laughter.)

UNSTARRED QUESTIONS

Staff employed in the Government Textile Institute, Madras.

402 *Q.*—SRI P. R. K. SARMA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) the number of professors, teachers, demonstrators, etc., employed for teaching or demonstration work in the Government Textile Institute, Madras, and what their salaries and other emoluments are;

(*b*) what the qualifications of the Principal, lecturers and demonstrators are;

(*c*) what the duties are which are being discharged by the Principal;

(*d*) whether the help or co-operation of the Institute has at any time been sought for or utilized by the industry in the Province; and

(*e*) whether the Government have any scheme to extend the usefulness of the Institute so as to serve the needs of the textile industry in the Province?

A.—(*a*) & (*b*) Information required by the hon. Member on all points except the qualifications possessed by the Principal will be found on pages 10–13 of the Annual List of Establishment of the Director of Industries and Commerce as it stood on the 1st January 1939, a copy of which is available in the Library of the Madras Legislature for reference. The Principal holds First Parchment certificate and First Class Full Technological certificates of the City and Guilds London Institute (Department of Technology) and advanced course certificate of the Board of

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Education in textile subjects. He also underwent training in the College of Technology, Manchester, and in several mills in England and in India.

(c) The Principal is in charge of the Textile branch of the Department of Industries and Commerce, attends to the work connected with the Textile Institute, inspects aided textile schools and gives advice to the Textile manufacturing section of the Jails and to the Madras Handloom Weavers' Provincial Co-operative Society, Limited, Madras.

(d) Yes. Advice and assistance of the Institute is frequently sought and availed of by persons engaged or interested in the textile industry.

(e) Yes. The Government recently considered a proposal for the installation of power looms in the Institute but have deferred it for the present for want of funds.

Measures for the production in this Province of the articles purchased from other Provinces and foreign countries.

403 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Administration Reports and Public Information be pleased to state—

(a) the names and values of the swadeshi and non-swadeshi articles purchased by the Government;

(b) the swadeshi articles purchased, provincewar;

(c) the steps taken by the Government to produce in this Province these swadeshi articles which are purchased in the other Provinces;

(d) the non-swadeshi articles purchased, countrywar; and

(e) the steps which the Government intend to take to produce them in this Province itself?

A.—(a) *to* (e) The Government have collected certain statistics in this connexion and these statistics are now being tabulated by the Statistical Officer of this Government. From an analysis and study of the figures collected, the Government will be able to decide the further action to be taken to encourage the establishment of certain industries within this Province.

Extent of land in the Sirvel taluk lying fallow during the current and the last two faslis.

404 *Q.*—SRI GOPAVARAM VENKATA REDDI: Will the Hon. the Minister for Revenue be pleased to state the extent of lands lying fallow without being sown during the current fasli and the two previous years in Sirvel taluk?

A.—A report has been called for.

Number of distraints made in the Sirvel taluk for realizing land revenue.

405 *Q.*—SRI GOPAVARAM VENKATA REDDI: Will the Hon. the Minister for Revenue be pleased to state the total number of distraints made so far in Sirvel taluk in the current fasli and in each of the previous four years for purposes of realizing land revenue?

A.—The Government have no information but have called for a report.

Capital expenditure on forest works and their present value.

406 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) the total outlay on forests by way of capital expenditure up till now; and

(*b*) the present value of such works on which capital expenditure was incurred?

A.—(*a*) The attention of the hon. Member is invited to the information given in Annual Form Nos. 29, 34-A and 34-B in the Administration Report of the Forest Department (Volume II) for 1937–38.

(*b*) The Government have not got the information.

Sub-Inspectors of Police employed in the mufassal.

407 *Q.*—SRI K. VARADACHARI: Will the Hon. the Prime Minister be pleased to state whether the Government will be pleased to lay on the table a statement showing the number of Sub-Inspectors of Police employed in each of the mufassal districts, indicating how many of these in each district have been promoted from the post of head constable and how many are directly recruited Sub-Inspectors and showing how many of the former are not even S.S.L.C. holders or matriculates?

A.—A statement [a] is laid on the table of the House.

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[a] Printed as Appendix VIII at page 782 infra.

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Exemption of Harijans from payment of fees in schools and colleges.

408 *Q.*—SRI S. NAGAPPA: Will the Hon. the Minister for Education be pleased to state—

(*a*) whether there is any increase in the number of Harijans studying in schools and colleges owing to the new Government Order exempting Harijans from paying school and college fees respectively;

(*b*) whether it is a fact that some Harijan students were demanded college fees in the beginning of the year; and

(*c*) if so, the reasons?

A.—(*a*), (*b*) & (*c*) The particulars required are not available. The new Government Order referred to relates only to the grant of fee concessions in colleges.

Fee concessions to Harijan students in schools under local bodies.

409 *Q.*—SRI E. KANNAN: Will the Hon. the Minister for Education be pleased to state—

(*a*) the number and names of the district boards and municipalities in the Presidency which have sanctioned full fee concession to Harijan students in all their schools;

(*b*) the number and names of the district boards and municipalities which have undertaken to supply books and slates to Harijan pupils in the elementary schools managed by them; and

(*c*) the number and names of the district boards and municipalities which maintained separate Adi-Dravida elementary schools for the Harijans in the year 1938–39?

A.—(*a*) to (*c*) The information is not available.

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

II.—MESSAGES FROM THE COUNCIL.

MR. SPEAKER:—" I have to announce to the House that I have received the following messages, dated the 11th May 1939, from the Hon. the President of the Madras Legislative Council transmitting the following Bills passed by the Assembly which have been agreed to by the Council without any amendment on the 11th May 1939, and signed by him:—

(1) The Madras District Municipalities and Local Boards Amendment Bill, 1939; and

(2) The Madras Entertainments Tax Bill, 1939."

III.—THE MADRAS GENERAL SALES TAX BILL, 1939—*cont.*

MR. SPEAKER:—"Hon. Members will notice that amendments Nos. 32 to 43 in the printed list have been re-arranged and that a revised list of the amendments as re-arranged has been *circulated to them*. In arranging the amendments in this revised list, the principle has been strictly followed that amendments arising at an earlier point of a clause should be placed before those arising at a latter point.

"Hon. Members will notice that in respect of amendments for the substitution of one set of words for another, they have been described as amendments for leaving out words and inserting other words instead. For instance, in the first column of item (*a*) there are amendments to substitute for 'twenty thousand rupees' which are the existing words, 'fifteen thousand rupees,' 'thirty thousand rupees' and 'forty thousand rupees.' A motion for substitution really involves, a motion to omit the existing words and to insert in their stead the words sought to be substituted. The amendments to the first column of item (*a*) are therefore described in the revised list as amendments to leave out the 'twenty thousand rupees' and insert in their stead 'fifteen thousand rupees,' 'thirty thousand rupees' and 'forty thousand rupees' respectively. Similarly with reference to amendments to the second column of item (*a*) and those of item (*b*).

"In putting the amendments to the vote of the House, I propose to follow the practice of the Speaker of the House of Commons, who in such cases first puts the question that the words sought to be left out stand part of the Bill. In this connexion, I will read May's *Parliamentary Practice*, pages 283 and 284, at the end. Following this practice, in regard to the first column of item (*a*), I would put that the words 'twenty thousand rupees' stand part of the clause. If this is carried, all the amendments to substitute other figures for 'twenty thousand' would lapse. If this is negatived, I shall put the figures 'fifteen thousand,' 'thirty thousand' and 'forty thousand' successively to the vote of the House. Similarly as regards column (2), I shall first put the question that the words 'five rupees' stand part of the Bill. If this is carried, other amendments would lapse. If this is negatived, I shall put the other amendments one by one to the vote.

"As regards the amendments to column (1) of item (*b*), they are merely consequential on the amendments to column (1) of item (*a*). And as regards amendments to column 2 of item (*b*), I would follow the House of Commons Procedure above described.

"The procedure I propose to follow will result in an expeditious and satisfactory method of considering the various amendments to this important clause and is likely to give the greatest scope for discussion to all members who have given notice of

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amendments. This was the procedure which I had intended to follow even yesterday, but as the re-arranged order of amendments was not in the hands of the hon. Members, they could not easily appreciate the advantages of the method I proposed to follow. Now that the re-arranged list is in their hands, I am confident that they will agree that the course I propose to adopt is the best.

" Since it is the practice adopted in the House of Commons, I will read for the benefit of hon. Members the practice in the House of Commons, so that they may easily follow the rationale of the procedure.

" The order and form in which the points arising out of amendments are determined are as follows:—

'An amendment may be made to a question, by leaving out certain words, by leaving out certain words in order to insert or add others, and by inserting or adding certain words.

'When the proposed amendment is to leave out certain words, the Speaker says, " the original question was this," stating the question at length, " since which, an amendment has been proposed to leave out the words," which are proposed to be omitted. He then puts the question, " that the words proposed to be left out stand part of the question." If that question be resolved in the affirmative, it shows that the House prefers the original question to the amendment and the question, as first proposed, is put by the Speaker. If, however, the question, " that the words stand part of the question " be negatived, the question is put with the omission of those words, unless another amendment be then moved for the insertion or addition of other words.

'When the proposed amendment is to leave out certain words in order to insert or add others, the proceeding begins in the same manner as the last. If the House resolves, " that the words proposed to be left out stand part of the question," the original question is put; but if it resolves that such words shall not stand part of the question, by negativing that proposition when put, the next question proposed is that the words proposed to be substituted be inserted or added instead thereof. This latter question being resolved in the affirmative, the main question, so amended, is put.'

That is the practice of the House of Commons and that is the strict and the most scientific procedure in dealing with amendments."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" We are thankful to you, Mr. Speaker, for devoting so much time for arranging the amendments in some order. But at the same time, may I submit that, in taking up these amendments, it would be desirable if the amendments relating to rates are taken up first and disposed of? When we come to the question of substituting larger amounts, I am sure the Hon. Speaker would first take up the largest amount and then come down to the next larger and so on. That, I suppose, will be a proper thing and I beg to submit that that procedure may be adopted."

MR. SPEAKER:—" That involves a deviation from the practice adopted in the House of Commons and raises so many questions as were technically raised yesterday. I suggested yesterday a procedure which would have been convenient and useful, though

not strictly in accordance with the practice of the House of Commons. But it was understood last night that the procedure, if adopted strictly, would expedite the proceedings and therefore, I propose to follow the practice of the House of Commons very strictly and scientifically.

p.m. "And one thing more, Mr. Abdul Hameed Khan. If we take up the latter point first, and then come to the earlier point, that may lead to certain procedural difficulties, and afterwards we will be landing ourselves in technical points of order that will be difficult to solve. I propose to avoid all technical points of order that are sought to be raised at every stage; and that can be avoided only by strictly following the procedure in the House of Commons."

Clause 3.

Sub-clause (1)—Item (*a*)—Column (1).

MR. SPEAKER:—"Clause 3, sub-clause (1), item (*a*), column (1) is now for discussion. Mr. H. S. Hussain is not present, and so the amendment given notice of by him shall be deemed to have been withdrawn."

S. K. SHAIK ROWTHER SAHIB BAHADUR:—"I am not moving my amendment."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Sir, I move my amendment, viz.,

> 'Leave out *the words* "*twenty thousand*" *and* insert *the words* "*forty thousand*".'"

THE HON. SRI C. RAJAGOPALACHARIAR:—"Are amendments Nos. 32 and 33 given up?"

MR. SPEAKER:—"Yes."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"May I once again appeal to you, Sir? I know that it is the practice in the House of Commons, and it is a very, very good one. But . . ."

MR. SPEAKER:—"It is the same thing here also; you will see it as we go on."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"It may be an excellent practice in England. But we have been following a certain method all along . . ."

MR. SPEAKER:—"There was rather a lack of method. Of course it was followed; but from the happenings of yesterday it seems better that time need not be wasted on technical points."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"May I submit, Sir, that now that we have in this particular case amendments varying in quantity from 'forty thousand' to 'fifteen thousand' . . . ?"

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MR. SPEAKER:—"Amendments Nos. 32 and 33 are given up. There is only amendment No. 34 now."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Amendment No. 33 may be taken up."

MR. SPEAKER:—"No, the hon. Member said he is not moving it; so it shall be deemed to have been withdrawn."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"He said so, because you have suggested that when once an amendment for 'thirty thousand' is taken up, there will be no chance for the amendment for 'forty thousand' being moved."

MR. SPEAKER:—"Quite so."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Therefore I submit that we come down from the higher amount and take our chance of Government accepting the lower amount ultimately."

MR. SPEAKER:—"It is not a question of . . ."

*THE HON. SRI C. RAJAGOPALACHARIAR:—"I am afraid Mr. Hameed Khan is mistaking parliamentary practice to be based on commercial practice. The two are quite different. The parliamentary practice is to put all amendments first and the original proposition to be put last. The method is very different from the commercial practice. Here, if we begin with the bigger amounts and then go on to the smaller amount, there will be numerous deviations from the parliamentary practice and so many objections to face."

MR. SPEAKER:—"Probably Mr. Hameed Khan is not able to . . ."

*THE HON. SRI C. RAJAGOPALACHARIAR:—"I may also suggest this to set at rest apprehensions, if any, on the other side. Let the procedure suggested by you go on, and should any members feel at the end that there is something more to be done, I shall not stand in their way."

MR. SPEAKER:—"I think the Hon. Prime Minister has not at all stood in anybody's way so far. We wanted to clarify the position, and we wanted to adopt a scientific procedure for the benefit of regulating discussion without landing the House in technical difficulties."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"Sir, I have moved my amendment, and I do not know whether this high rate of half per cent on the turnover will be retained ultimately. For after these amendments are disposed of, we will be taking up the question of rates. But I am suggesting this raising of 'twenty thousand' to 'forty thousand' under the presumption that this half per cent will continue. Besides, the other reason why I am suggesting the increase of 'twenty thousand' to 'forty thousand' is to give relief to smaller merchants from the imposition of such a high tax. In the slab, you find, that so far as item '(a)' is

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concerned, there is ' twenty thousand ' fixed as the maximum, for which Rs. 5 per month is suggested as the tax. And if my amendment is passed, you will have to make a consequential amendment in ' (b) ', that is, make the ' twenty thousand ' there into ' forty thousand '.

" Sir, I have, while speaking on a former amendment, stated how necessary it is for us when considering this Bill to give as much relief as possible to that class of merchants and dealers who will not be in a position to pay such a high rate of tax. Of course, I do not know whether the merchant whose turnover is over forty thousand rupees is in a position to pay this half per cent. Well, that is another question, and it will be considered when we come to deal with the question of rates. But I am here, in this amendment, seeking to secure as much relief as is absolutely necessary, in my opinion, for that class of merchants whose turnover does not exceed forty thousand rupees. As I pointed out yesterday, if we retain the twenty thousand rupees in slab (a) and all those over twenty thousand rupees are to be taxed at a uniform rate of half per cent, I beg to submit that it would be a great hardship to that class of merchants. Therefore, I am asking that the amount of turnover be raised so that a larger number of merchants and dealers who come within this raised turnover may be given the necessary relief that they very much deserve. I hope, Sir, it will not be difficult for the Hon. Premier to accept this amendment. I hope that if he is not agreeable to reduce half per cent to one-eighth per cent, he will at least give this relief to the lower classes of dealers, who on account of hardships and difficulties under which they have to carry on business, ought not to be overburdened with this additional half per cent. Besides, we know the extent of the vicissitudes of trade and other things to which they are victims; so it is but just if the class of dealers who come under ' forty thousand rupees ' are given this very necessary relief. Sir, I move."

The amendment was duly seconded.

MR. SPEAKER:—" The original question was this: ' that clause 3 stand part of the Bill; ' since which an amendment has been proposed to leave out the words ' twenty thousand rupees ' and insert instead ' forty thousand rupees.' This question really involves two questions to be proposed from the Chair. The first question is ' that the words " twenty thousand " ' be left out; ' and the question to be put first is ' that the words " twenty thousand " stand part of the clause.' That is the way in which the question should be put to the House."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" That is the second question."

MR. SPEAKER:—" No, that is the first question. That is why I explain, so that hon. Members may understand the procedure.

" When the proposed amendment is to leave out certain words in order to insert or add others, the proceeding begins in the same manner as the last. If the House resolves, 'that the words proposed to be left out stand part of the question,' the original question is put; but if it resolves that such words shall not stand part of the question, by negativing that proposition when put, the next question proposed is that the words proposed to be substituted be inserted or added instead thereof. If this latter question is resolved in the affirmative, the main question, so amended, will be put.

" Therefore, the first question is—

'that the words " twenty thousand " proposed to be left out stand part of the clause.'

" That is the question now before the House, and I allow hon. Members to speak on it."

* MAHBOOB ALI BAIG SAHIB BAHADUR:—" Sir, I have a doubt with regard to the procedure laid down by the Chair. Here there are two sets of amendments, each of which is inter-dependent upon the other. And in such a case I doubt whether the House of Commons procedure can be followed. Here, for instance, there are two parts: one with regard to the turnover, and another with regard to rates. Necessarily these two parts are inter-dependent. So the change of words in one part is necessarily dependent upon the change in the other part. Therefore, I submit, the procedure of the House of Commons may be very good in other circumstances, but not under the present circumstances. For instance, if I want to speak and vote on this proposition that this twenty thousand shall be kept there, that depends upon the question, whether this five rupees shall be there or not. The 4-15
mover of the amendment, Mr. Abdul Hameed Khan, wants that p.m.
Rs. 40,000 should be substituted in the first part and that Rs. 2-8-0 should be substituted in the second part. These two things cannot be separated from each other. Therefore, I submit, Sir, although the practice in the House of Commons is a very sound one, that refers only to one set of words being substituted for another set of words, but not to two sets of words being substituted for two other sets of words in the same provision. That is my difficulty. That might be . . ."

MR. SPEAKER:—" In adopting the procedure these difficulties do arise. They cannot be helped. The hon. Member will see that questions will crop up, if we do not strictly adopt the procedure followed in the House of Commons. This is a taxation measure and we have to adopt that procedure. The general principle is that amendments arising at an earlier point of a clause should be placed before those arising at a later point. It must be observed. Otherwise difficult questions will arise. Although there is some convenience in the method suggested by Mr. Mahboob Ali Baig, that convenience cannot be at the expense of the procedure

or practice adopted for carrying the Bill through. I can conceive of many more alternative methods of putting the amendments, but the best method is taking the earlier part of the clause which is sought to be amended and then proceed to the next, from the fourth word to the fifth word, sixth word and like that in a regular manner. Therefore, I have proposed that this practice should be adopted hereafter in this House, unless it becomes extraordinarily inconvenient at a later stage, when I shall exercise my power to give latitude. But I should like to stick to this practice as far as possible."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" We are still discussing the procedure. After all, hon. Members may rest assured that the merits of the propositions have to be discussed and this only gives a consolidated and concentrated piece for discussion. Then there is at every stage an opportunity for settlement as prescribed. If anybody makes any mistake in these matters there is the third reading stage to correct the mistake."

* MR. H. S. TOWN :—" The procedure proposed as I understand it, Sir, is to deal with the first portion of the clause, and to have the three amendments put one by one, according to the position of the words to be altered in the clause or section . . ."

MR. SPEAKER :—" In the order of the words."

* MR. H. S. TOWN :—" What we propose to do in this House as I see it, I put it to you, is to split the words up. I do not think we should go to that extent. The whole sub-clause should be taken and not a portion of it. We want to link up Rs. 2-8-0 with Rs. 40,000. . ."

MR. SPEAKER :—" It cannot be done. We have to proceed regularly."

* MR. H. S. TOWN :—" Somebody may argue on Rs. 40,000 and take a division on Rs. 40,000 without having had a chance to give the rest of his arguments. . ."

MR. SPEAKER :—" I shall allow the arguments if he wants. I shall give him the satisfaction of advancing the arguments. It does not matter. But the amendments must be strictly put in the order of the words of the clause."

* MR. H. S. TOWN :—" I do not want to appear to be arguing with you, Sir, but it seems to me that amendments Nos. 32, 33 and 34 go the wrong way. If we accept No. 32, according to the parliamentary procedure, the other will never be moved. I say that Rs. 40,000 should be taken first, then Rs. 30,000 and Rs. 15,000 and so on . . ."

MR. SPEAKER :—" Mr. Town has not yet understood the procedure that is going to be adopted. I shall explain again. Amendments are proposed to leave out certain words in order to insert or add other words instead thereof. Here the amendment is to leave out Rs. 20,000 and insert Rs. 40,000 instead. That is

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the amendment proposed by Mr. Abdul Hameed Khan. Two questions are necessarily to be disposed of on this type of amendments. If the House resolves that the words proposed to be left out stand part of the Bill, then the main question will be put and that will dispose of the question. Here, the question before the House now is that the words 'Rs. 20,000' stand part of the clause. That is the question. If this is negatived then the question of Rs. 40,000 comes in and not until then. So the question before the House is that the words 'Rupees twenty thousand' stand part of the clause."

* Mr. H. S. TOWN :—" I entirely agree with that. But the point is, suppose we do agree to Rs. 20,000 being left out. Then, Sir, Rs. 40,000 will be moved, but that might be lost. Then we have nothing left at all."

Mr. SPEAKER :—" Yes."

* Mr. H. S. TOWN :—" But, Sir, if Rs. 30,000 cannot be passed . . ."

Mr. SPEAKER :—" It has been withdrawn. The first two amendments have been withdrawn."

* Mr. H. S. TOWN :—" If the amendment for substitution of Rs. 40,000 is put and if it is lost, we can take amendment No. 32, or 33 . . ."

Mr. SPEAKER :—" I think Mr. Town imagines a situation which does not arise in this House as it is constituted."

* Mr. H. S. TOWN :—" This occurred twenty times in connexion with the Income-tax Bill in the Centre. I would take the other order . . ."

Mr. SPEAKER :—" But, here as the House is constituted, Mr. Town will see, as we dispose of the first amendment, how the matter stands."

* Sri G. KRISHNA RAO :—" On a point of information, Sir. May I know if this clause can be separated like that, because one seems to be dependent on the other? "

Mr. SPEAKER :—" There is no question of inter-dependence. We strictly follow the procedure with regard to the earlier part of the question."

* Sri G. KRISHNA RAO :—" And yet we cannot argue."

Mr. SPEAKER :—" The hon. Member may argue. The arguments will be allowed."

* Sri G. KRISHNA RAO :—" Without rates being mentioned? "

Mr. SPEAKER :—" Let him mention the rates also if he likes. I will allow that. But this procedure should be adopted."

* Sri G. KRISHNA RAO :—" If the rates are excluded from this, unless the mover of the amendment knows . . ."

MR. SPEAKER :—" These difficulties will have to be accepted if we should follow the House of Commons procedure."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" I shall try to show by practice that the procedure you have prescribed is nothing oppressive or wrong. The whole question now is what the substance of the decision of the House should be and then what the form of it should be. If by convincing arguments either way we agree to one-sixteenth per cent, we agree to the condition of those who are interested in the reduction of the rates, if we are convinced one way or another and we decided that the rate for the first block should be one-sixteenth of one per cent, then it will follow that we ought to substitute Rs. 40,000 for Rs. 20,000 and accept Rs. 2-8-0 for Rs. 5 in the second column. And if we so conclude, then the first thing we have to do is to change Rs. 20,000 into Rs. 40,000 and later carry it out by putting Rs. 2-8-0 instead of Rs. 5. But if we do not agree to this, there is no object in changing Rs. 20,000 into Rs. 40,000. If we agree that we shall have to take 20 packets to the station, we decide to take up the first packet at once; if not, we do not take up even the first packet. It is in that way we are proceeding. The substantial question now is Mr. Abdul Hameed Khan's proposition though only one part of it is put as the question before the House. The proposition is reduced to this: whether on the maximum of Rs. 40,000 the turnover tax should be Rs. 2-8-0. This means one-sixteenth of one per cent if the turnover is Rs. 40,000. Of course, if the turnover is less it may be more. It comes to that. Therefore, Sir, I submit that this amendment is not to be accepted. It comes to this, that the rates should be reduced so far as the lowest block is concerned from half per cent to one-sixteenth per cent. I can see no reason to accept such an amendment."

* SRI G. KRISHNA RAO :—" I think this assumption on the part of the Premier is based on this. The slab system has no relationship with regard to the percentage. If we fix a certain amount upon a certain slab, it is a certain fixed rate. I think the mover wants to increase the amount and reduce the levy on it."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Is the hon. Member arguing or only explaining, Sir? "

* SRI G. KRISHNA RAO :—" I am only trying to explain. I have one point. It is not the object in the slab system. . ."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" It is not at all a variation of what I have tried to put forward. We have exempted up to Rs. 10,000 in the original proposal. Now as proposed from Rs. 10,000 to Rs. 40,000 the rate will be Rs. 2-8-0. That means it varies from one-fourth per cent (from Rs. 10,000) to one-sixteenth per cent (to Rs. 40,000.) It comes to that. Therefore the amendment cannot be accepted."

(Sri G. Krishna Rao rose to speak.)

MR. SPEAKER:—" I think Mr. Krishna Rao should not carry on a debate like that."

* SRI G. KRISHNA RAO:—" I only ask certain information from the Premier."

MR. SPEAKER:—" You are putting very many interpellations."

* SRI G. KRISHNA RAO:—" The mover of the amendment wants the House to fix another rate. He does not want that the Government should calculate it upon the percentage basis with regard to the slabs."

MR. SPEAKER:—" The hon. Member may finish his speech and all other things may be raised after."

*SRI G. KRISHNA RAO:—" I only wanted the mover to argue his case."

MR. SPEAKER:—" The procedure will be strictly followed."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" On a point of personal explanation, Sir. In replying to the debate, the Hon. the Premier said that the rate would be reduced to one-sixteenth per cent. In the slab it is Rs. 20,000 and I have raised it to Rs. 40,000. In the original slab the rate is Rs. 5 and I have reduced it to Rs. 2-8-0. It will easily be seen that I have done this to reduce the rate to one-fourth of the present rate, i.e., half a per cent according to which the entire tax is calculated either in the slab or above it. So I do not understand how the Hon. the Premier calculated that it will be one-sixteenth per cent, whereas according to my amendment it can be reduced only to one-eighth or one-fourth per cent."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" It is a mere question of arithmetic. I hope I am not wrong. Some younger merchant might correct me. On Rs. 40,000 if the tax levied is 40 annas, I should like to know what the percentage is. (Interruption.) I should have said ' multiplied by 12.' Then it will be all right. It comes to one-sixteenth per cent." 4-30 p.m.

MR. SPEAKER:—" The question is that—

' In clause 3, sub-clause (1), item (*a*), column 1, line 2, the words " twenty thousand " proposed to be left out stand part of the clause '."

The question was put and declared carried.

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A poll was demanded and the House divided thus:

Ayes.

1 The Hon. Sri C. Rajagopalachariar.
2 The Hon. Sri T. Prakasam.
3 ,, Mr. Yakub Hasan.
4 Mrs. A. Rukmini Lakshmipathi.
5 Sri A. Kaleswara Rao.
6 ,, T. Viswanatham.
7 ,, K. P. Yegneswara Sarma.
8 ,, V. Venkatasubbayya.
9 ,, R. Venkatasubba Reddiyar.
10 ,, P. Venkatarama Ayyar.
11 ,, K. Venkatappayya.
12 Dr. R. Venkatappa Nayudu.
13 Sri B. Venkatanarayana Reddi.
14 ,, P. T. Venkatachari.
15 ,, B. Venkatachalam Pillai.
16 ,, Venkata Reddi, Gopavaram.
17 The Hon. Dr. P. Subbarayan.
18 ,, Sri V. I. Muniswami Pillai.
19 ,, Sri V. V. Giri.
20 Ahmed Tambi Muhammad Mohideen Maracair Sahib Bahadur.
21 Sri A. B. Shetty.
22 ,, N. S. Varadachari.
23 ,, B. S. Murti.
24 ,, K. V. R. Swami.
25 ,, A. Subrahmanyam.
26 ,, C. P. Subbiah Mudaliyar.
27 ,, P. Subbiah.
28 ,, K. Subba Rao.
29 ,, M. Subba Rao.
30 Dr. P. S. Srinivasa Ayyar.
31 Sri D. Srinivasa Ayyar.
32 ,, D. S. Prasad.
33 The Hon. Sri S. Ramanathan.
34 ,, Sri B. Gopala Reddi.
35 ,, Sri C. J. Varkey.
36 Sri M. Bapineedu.
37 ,, M. Bhaktavatsalam.
38 ,, H. Sitarama Reddiyar.
39 ,, B. T. Seshadrachariar.
40 ,, K. Shanmugam.
41 ,, L. Sattanatha Karayalar.
42 ,, P. R. K. Sarma.
43 ,, V. J. Samu Pillai.
44 ,, K. Sakthivadivelu Goundar.
45 ,, N. Ranga Reddi.
46 ,, A. Rami Reddi.
47 ,, N. G. Ramaswami Nayudu.
48 ,, V. M. Ramaswami Mudaliyar.
49 ,, K. S. Ramaswami Goundar.
50 ,, D. V. Ramaswami.
51 ,, A. Ramalingam.
52 ,, T. N. Ramakrishna Reddi.
53 ,, R. B. Ramakrishna Raju.
54 ,, A. K. A. Ramachandra Reddiyar.
55 ,, R. Raghava Menon.
56 ,, V. R. Perumal Chettiyar.
57 Sri M. P. Periyaswami.
58 ,, P. Pedda Padalu.
59 ,, C. R. Parthasarathi Ayyangar.
60 ,, M. Pallam Raju.
61 ,, V. K. Palaniswami Goundar.
62 ,, C. Obi Reddi.
63 ,, P. Natesa Mudaliyar.
64 ,, M. G. Natesa Chettiyar.
65 ,, D. Narayana Raju.
66 ,, V. V. Narasimham.
67 ,, C. Narasimham.
68 ,, P. L. Narasimba Raj.
69 ,, D. L. Narasimha Raju.
70 ,, S. Nagayya.
71 ,, N. Nagaraja Ayyangar.
72 ,, S. Nagappa.
73 ,, R. Maruthai.
74 ,, S. T. P. Marimuthu Pillai.
75 ,, M. Marimuthu.
76 ,, R. S. Manikkam.
77 ,, P. Madhavan.
78 Dr. N. Lakshmi Devi.
79 Swami A. S. Sahajanandam.
80 Sri J. Sivashanmugam Pillai.
81 Hajee P. I. Kunhammed Kutty Sahib Bahadur.
82 Srimathi K. Lakshmi Ammal.
83 ,, V. Lakshmi Ammal.
84 Sri P. Lakshmanaswami.
85 ,, C. Venkata Reddi.
86 Srimathi A. V. Kuttimalu Amma.
87 Sri P. S. Kumaraswami Raja.
88 ,, L. Krishnaswami Bharathi.
89 ,, G. Krishnamurti.
90 ,, S. Krishnan.
91 ,, K. Kolandavelu Nayanar.
92 ,, K. R. Karant.
93 ,, E. Kannan.
94 ,, K. Kamaraja Nadar.
95 ,, D. Kadirappa.
96 Mrs. Jebamony Masilamoney.
97 Sri K. Ishwara.
98 ,, N. Halasyam Ayyar.
99 ,, S. Guruvulu.
100 ,, V. J. Gupta.
101 ,, C. K. Govindan Nayar.
102 ,, D. Govinda Doss.
103 ,, A. R. A. S. Doraiswami Nadar.
104 ,, M. P. Damodaram.
105 ,, T. S. Chokkalingam Pillai.
106 ,, P. Chinnamuthu.
107 ,, O. Chengam Pillai.
108 ,, G. Chelvapathi Chettiar.
109 ,, K. Chandramouli.
110 ,, A. Chandoo.
111 ,, V. Bhuvarahan.
112 ,, Y. V. A. Bhaskara Rao.
113 ,, S. C. Balakrishnan.
114 ,, N. Annamalai Pillai.
115 ,, B. Anantachar.
116 Srimathi G. Ammanna Raja.

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Noes.

1 Kumararaja Muthiah Chettiyar of Chettinad.
2 Khan Bahadur Mahmud Schamnad Sahib Bahadur.
3 Sri Adimoolam Jamadar.
4 „ Diwan Bahadur A. Appadurai Pillai.
5 Khan Bahadur P. M. Attakoya Thangal Sahib Bahadur.
6 Sri B. Bhaktavatsalu Nayudu.
7 S. Ghouse Mohideen Sahib Bahadur.
8 Mir Akram Ali Sahib Bahadur.
9 Sri Grandhi Venkata Reddi.
10 Abdul Hameed Khan Sahib Bahadur.
11 Abdur Rahman Ali Raja Arakal Sultan Sahib Bahadur.
12 K. Abdur Rahman Khan Sahib Bahadur.
13 H. S. Hussain Sahib Bahadur.
14 A. K. Kadir Kutty Sahib Bahadur.
15 V. S. T. Shaik Mansoor Tharaganar Sahib Bahadur.
16 S. K. Shaik Rowther Sahib Bahadur.
17 D. Saiyed Ibrahim Sahib Bahadur.
18 Mahboob Ali Baig Sahib Bahadur.
19 M. Ahmed Batcha Sahib Bahadur.
20 Sri R. M. Palat.
21 „ Rao Bahadur M. C. Rajah.
22 Basheer Ahmed Sayeed Sahib Bahadur.
23 Khan Bahadur P. Khalif-ul-lah Sahib Bahadur.
24 Sri T. T. Krishnamachariar.

Ayes: 116; *Noes*: 24.

The question was carried.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I move—

'Omit *the words* " *in a year* ".'

" This is because of the first part of the clause which says 'shall pay in each year a tax in accordance with the scales specified below.' The words 'in a year' again occurring here are superfluous and may interfere with the method which is prescribed for remitting the turnover. Therefore from all points of view the words 'in a year' in item (*a*) ought to be removed."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" I understand the Hon. the Premier wants to secure uniformity in the whole, slab (*a*) and (*b*) by introducing 'a year,' whereas we find that so far as rates are concerned, the rate in the first item that is (*a*), is five rupees a month and in the second item, that is (*b*), it is one-half of one per cent of the amount of such turnover. Therefore there will be some difficulty if 'in a year' is removed from this place. The difficulty will be in item (*a*) if the words 'in a year' are removed, for the rate that is mentioned in item (*a*) is five rupees per month. Unless the words 'in a year' are there in item (*a*), I do not think it will be understood."

* THE HON. SRI C. RAJAGOPALACHARIAR:—" The main sentence is 'shall pay in each year', not 'for each year.' 'Shall pay in each year' is quite good English and understandable. 'Shall pay in each year one-half of one per cent . . . ' is also quite good. The words 'in a year' introduce confusion and they are quite unnecessary also. That is why I want to remove the words. But in the main part there is 'shall pay in each year . . . five rupees a month.' "

The amendment was put and carried.

Sub-clause (1)—item (*a*)—column (2).

4-45 p.m. * Sri T. T. KRISHNAMACHARIAR :—" Mr. Speaker, I move—

' Leave out *the words " five rupees " and* insert *the words " two rupees."* '

I do not propose to make any speech with regard to this amendment, because it is a consequential amendment. The variation in the rate has to come hereafter. If the other one is not accepted, there is no point in pressing this. I reserve my right to speak later on.' "

Mr. SPEAKER :—" What? ' Reserve my right to speak later on."

* Sri T. T. KRISHNAMACHARIAR :—" This is a consequential amendment. If the other amendment is not accepted, there is no place for this at all. This amendment has been introduced to fit in with the one-eighth per cent principle."

The amendment was duly seconded.

Mr. SPEAKER :—" The question is—

' that the words " five rupees " proposed to be left out stand part of the clause.' "

* Mr. H. S. TOWN :—" Sir, the thing before the House is ' five rupees.' "

Mr. SPEAKER :—" You can speak on all relevant matters referring to this amendment. I would allow the discussion to be as wide as possible."

* The Hon. Sri C. RAJAGOPALACHARIAR :—" I think, Sir, that Mr. T. T. Krishnamachariar is under a misapprehension which I should help to take him out of. It is quite true that the two important items hinge upon the same principle. This ' two rupees ' for ' five rupees ' and the one-eighth per cent all hang together. But they are not consequential in the ordinary sense. They are connected with the same principle. Then the question is, on which shall we discuss and bring in our arguments to bear? The earlier should certainly have to be discussed thoroughly, so that, if the principle is accepted, the earlier amendment will be passed and the next can be discussed briefly. It is not right to postpone, and therefore every member should concentrate all matters for the purpose of reduction in the main amendment. So I think members ought to be distinctly made to understand that discussion on the reduction should be on this, if they like."

Mr. SPEAKER :—" If they like. I suppose by this time every hon. Member has understood."

ABDUL HAMEED KHAN SAHIB Bahadur :—" We have got accustomed to it."

Mr. SPEAKER :—" As Mr. Hameed Khan puts it, the House has got accustomed to it already."

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MR. G. E. WALKER:—" Will you forgive me, Sir, for a moment? The question now before the House is that the words 'five rupees' stand part of the clause. To that question I take it the amendment No. 37 or 38 or any other amendment may now be moved?"

MR. SPEAKER:—" If the question now propounded to the House, namely, that the words sought to be left out, viz., 'five rupees' stand part of the clause is passed, all amendments go out."

MR. G. E. WALKER:—" But the position is not clear. You have propounded the question that 'five rupees' stand part of the Bill. Then, Sir, am I allowed to move the amendment that stands in my name? How do I get an opportunity to urge my reasons?"

MR. SPEAKER:—" All these amendments are amendments to substitute 'five rupees' by Rs. 2, Rs. 2–8–0 and Rs. 4. The amendments seek to substitute these expressions for 'five rupees.' Such an amendment involves two questions. The first question is to leave out the words 'five rupees.' Therefore the question to be put first is that the words sought to be left out stand part of the clause. If the House passes this question, then the other questions lapse. As regards the question that 'five rupees' stand part of the clause, those that want to speak on the various amendments may speak."

MR. G. E. WALKER:—" On the main motion?"

MR. SPEAKER:—" On all amendments given as well as not given."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" May I request you to be pleased to allow all amendments that have been given notice of to that particular part of the Bill, that is 'five rupees,' to be moved; because, apart from the manner in which the House at present is constituted, there will be no amendment on which you can vote."

MR. SPEAKER:—" Then the 'two rupees' will come."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" If the 'two rupees' is lost?"

MR. SPEAKER:—" Then the 'Rs. 2–8–0' will come."

ABDUL HAMEED KHAN SAHIB BAHADUR:—" Oh, yes, all the amendments. But, if they are not moved?"

MR. SPEAKER:—" They will be allowed to be moved."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" I make a suggestion. If I am wrong, I may be corrected. Just before putting the question to vote, you will put it in the particular kind of way, i.e., that the words sought to be left out stand part of the clause. As soon as the mover and seconder have finished, the Chair will propound the question moved and seconded

and so on. Supposing there are three amendments, you will allow *all the three amendments*. You will only put the question as propounded to the vote. That is what I understood. But would it be right if when a particular amendment is moved and seconded, the Chair does not put it to the House?"

MR. SPEAKER:—"The amendment propounded is to leave out 'five rupees' and insert 'two rupees.' The question has to be put in the form of two questions. The first question is that the words sought to be left out stand part of the clause. That is the way in which the Speaker has to put these things. When an amendment for substitution comes, it has to be propounded into two questions."

THE HON. SRI C. RAJAGOPALACHARIAR:—"May I try to put it in another way? There are five groups in the House. Some say, *for* "five rupees" '*substitute* "two rupees."' There are others who say, '*substitute* "Rs. 2-8-0."' There are others who say '*substitute* "four rupees."' All are agreed that 'rupees five' should be removed. So all can consciously vote against retaining 'five.' If 'five' is retained by the majority in the House, there is no meaning in wasting the time of the House. This is the simple, commonsense interpretation of the procedure."

MR. D. M. REID:—"I think the Hon. the Prime Minister has made it very clear."

SRI T. T. KRISHNAMACHARIAR:—"May I make a submission? May I ask the Leader of the House, if I don't speak on this, whether I cannot speak on the other one?"

THE HON. SRI C. RAJAGOPALACHARIAR:—"No, you can speak on the motion before the House. Members can speak only if the question is propounded by the Chair. Now the question is that 'five rupees' stand part of the clause."

SRI T. T. KRISHNAMACHARIAR:—"May I make a submission, Sir? Perhaps, what is proposed conforms to what is happening in the Parliament. But the position now is somewhat queer. We know the Government have made up their mind. But even granting that, people outside may want to know the opinion of the Government definitely on each amendment."

THE HON. SRI C. RAJAGOPALACHARIAR:—"You can give the arguments upon that as to why it should be left out."

SRI T. T. KRISHNAMACHARIAR:—"You will excuse me. I fail to see any particular magic in speaking in the circumstances as they now stand."

THE HON. SRI C. RAJAGOPALACHARIAR:—"Mr. Krishnamachariar will see the obvious point on this ground. The Government should accept one-eighth per cent; if he convinces

the Government and the House that one-eighth should be accepted, then the House will agree to remove 'five.' Then it is for him to press for an adequate fee instead of 'five.' This is the time when he can urge all the arguments."

SRI T. T. KRISHNAMACHARIAR:—"I can urge on the Government all my arguments, if there was a remote chance of their accepting the first portion of my amendment. By my main amendment is one concerning the general rate. If in the remote chance of its being accepted the consequential amendment now proposed is rejected, the Bill might look absurd. If such a contingency happens, the defect can be remedied in the third reading. Anyhow, no obligation is laid on me to provide consequential amendments. It is for the Government to see to it if amendments from this side are accepted."

MR. SPEAKER:—"You can speak on the principle, if you like."

MR. H. S. TOWN:—"Sir, I oppose this motion. I suppose I am right. I oppose the motion that 'five rupees' stand part of the Bill. Sir, this is linked up very closely with item (b) which gives half per cent. I was yesterday speaking on this and I got to the point of leeches sucking blood. But unfortunately I was speaking without notes and I do not remember how I intended to finish—but that does not matter. Sir, the business community of Madras are solidly of the opinion that half per cent is far too great a percentage to charge on commodities and on turnover, as it is a tax at all points. You will notice 6]
that my group and others here suggested one-fourth of one per cent, and others here suggested even lower rates. I feel that the Government have not fully realized the effect that this tax is going to have on business in the Presidency. We, as businessmen, are not afraid of taking our share in providing taxes. We are always accused of not paying our full share for the upkeep of this country and some seem to think that we pay nothing at all to the coffers of the State. I would not object therefore to see an analysis of the amounts which business concerns in India pay out of their income in the shape of taxes to the State. We pay customs and excise duties, municipal taxes, income-tax, super-tax and other taxes and now we have to pay this additional tax. I do not pretend that the rate that is suggested in the Bill is by itself unnecessarily high. But I would refer to the speech of the Hon. the Revenue Minister. He told us that the great nations of the world protect their industries and they protect the trade that provides the funds that keep the nation going. Now, Sir, there is nothing here which is going to help us in increasing the trade and the turnover of business. Therefore, Sir, we as businessmen though we object to the tax, are prepared to accept this tax if the general rate is made considerably lower. I therefore oppose the motion that the words 'five rupees' stand part of the Bill."

THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I consider this the most important part of the debate. The whole question now is whether the rate should be substantially reduced. If the House agrees to the proposition that the rate should be substantially reduced, they must understand the parliamentary procedure that should be adopted to give effect to that resolution. If the House is of the opinion that the rate should be substantially reduced, they should begin by voting that the words 'five rupees' do not stand part of the Bill. Just as on adjournment motions all kinds of matters are discussed, so also on this motion to retain the words 'five rupees' we have to discuss the main principles of the rates in this Bill. Looking at it from that point of view, I say that half per cent is a proper rate and need not be reduced. It is true that it is a tax at every stage wherever there is a sale. It is also true that it is a tax on turnover and not on profit. But it is absolutely clear from the discussions that have taken place in the Press, on the platform and in this House, that this tax is a shiftable tax. It is shiftable in accordance with the circumstances of each case and therefore it is that I claim that the half per cent is a good rate. I do not think that hon. Members . . ."

SRI G. KRISHNA RAO:—" May I know, Sir, whether we are now on the question of rates? I thought we were discussing item (*a*), column (2)."

THE HON. SRI C. RAJAGOPALACHARIAR:—" We are on the point of rates if we conform to the procedure prescribed. If we do not like it, if we refuse to co-operate with the procedure, *we are not on the point of rates. But we are on the point of* rates, and as far as I am concerned, I propose to conform to the procedure laid down. I have over and over again drawn the attention of the House to the fact that this is the first and therefore the most important opportunity to discuss the quantum of the tax."

SRI G. KRISHNA RAO:—" I would like to have a very clear enunciation of the idea whether the five rupees that has been fixed under item (*a*)—column (2), has any relevancy to the rates? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" Since the House has decided that Rs. 20,000 should remain, if any Member is of the view that the percentage should be less than one-half, he will have to proceed now to substitute for 'five' some other figure, because Rs. 20,000 is already there according to the decision of the House. Therefore if the rate has to be materially altered, it has to be altered at the bottom also. And, since at the bottom we have Rs. 20,000 in column (1), column (2) should be altered too. Therefore, the proposition is this: if we keep Rs. 5 and if Members want to alter the rate, they will have to show reason for it and convince the House and get a majority vote for removing the word 'five.' I claim that 'five' should remain because I want half per cent."

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MR. D. M. REID:—"Mr. Speaker, I have understood the meaning of the procedure laid down by the Hon. the Premier, but I am not sure that the Members here have grasped the matter."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I thought so and that is why I reiterated the procedure over and over again, even *ad nauseum*."

MR. D. M. REID:—"If this is the last opportunity, Sir, I do want to speak again."

MR. SPEAKER:—"Even though the Hon. the Prime Minister has replied to the motion, I will allow Mr. Reid to speak."

MR. D. M. REID:—"Sir, I do not think that my group has realized your ruling quite clearly. The whole Presidency is awaiting the decision on this motion. The whole Presidency is believing that it is going to get quarter per cent or less. This is going to come as a great shock to 50 million people living in South India, because they think that the Hon. the Prime Minister will, at the last moment, show some concession to the very wide business interests throughout the Province. It is going to come as a very terrible shock when it is known that he insists on half per cent on every business transaction. I do not say this merely as an opposition argument lightly made, in order to cause sensation or anything else. But I say that a half per cent tax on every transaction is going to cause great hardship in many places and I say that a quarter per cent might not. I will respectfully ask the attention of the Treasury Bench to this although they have made up their minds and are opposed to this group. There are many transactions in this Presidency where half per cent tax will hit very hard and will drive out of business a great many small dealers whose business depends upon a very small commission. I would say, Sir, that there might yet be an opportunity for the Government to reconsider their position and to realize the very serious effect this is going to have throughout South India. I realize, Sir, that my words are falling on deaf ears, on unwilling ears and on defiant ears. What is the use of appealing in this way when the Government are determined and have been determined from the first to force these rates through? We hoped for reason; we hoped for sympathy; but it seems we are not to have it. But I am making just one last appeal to the Government to moderate their demand. I am appealing to them to have a quarter per cent. They will obtain revenue quite sufficient for their needs. I appeal to them on this ground that they have not made a sufficient calculation of what they will get at half per cent. If they take more time over it, they will find that they will get plenty. I appeal to them because of the many tens of thousands of small dealers who are going to be put out of business by this Bill on account of the half per cent rate."

* MAHBOOB ALI BAIG SAHIB BAHADUR:—" If I am speaking on this motion, Sir, it is to invite the attention of the Government once again to my previous argument that as the Budgetary deficit of this year is very small they can begin with a reduced rate now. It is open to the Government with their overwhelming majority to bring in a measure again to increase the rate any time they please next year. They might know by the end of this year what revenue they will be getting under this rate which will help the small dealers. By levying Rs. 2–8–0 per month from the small merchants and with other rates at half per cent or quarter per cent or one-eighth per cent to be levied from the bigger merchants, they will be able to balance the Budget. I appeal to the Government to be very considerate to these small merchants. No doubt I see that the Government are trying to raise revenue for furthering their object of introducing Prohibition throughout the Province. As I submitted last time, the Government are not aware of the amount of revenue they would be getting by the rates that are proposed in their Bill. Although the motion for adjourning the consideration of the Bill for six months or for one year was lost, the Government may at least consent to reduce the rate from Rs. 5 to Rs. 2–8–0 out of sympathy for the small merchants. My idea as well as, I think, the idea of the Government also is that persons who are able to pay must be taxed more and more in progression.

5–15 p.m. " My submission is this: that in this Bill I do not find that method of progressive taxation so that a person who is able to pay more is asked to pay more. My submission is that by reducing the rate of Rs. 5 to Rs. 2–8–0, and from half per cent to one-fourth per cent up to Rs. 40,000, Rs. 50,000 or Rs. 60,000, and by making it one per cent above Rs. 60,000, you will be adopting that ideal method of taxation, viz., taxing the richer persons more and in progression. By following this method, you will be helping the poor merchants who are not able to pay and at the same time you will be introducing the principle of taxing in progression.

" There is a fear in the minds of all of us on this side of the House and most of the people in the country that by the method which the Government are following, trade will suffer, commerce will suffer and industries will not progress. In any case, the poor businessman who sells for Rs. 50 to Rs. 60 a day, will not be able to pay Rs. 5 per month. If it is calculated, even according to the method of calculation that an income-tax officer adopts, you will find that if the expenses of the business are deducted, if the rent charges are deducted, and if the establishment charges are deducted, the trader will not be able to pay even this

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Rs. 5. And what about himself and his family? In the first place, this is not a tax on income, so that it cannot be said 'you have got Rs. 100 income and so maintain yourself on Rs. 50 and pay the balance of Rs. 50 to the Government or to other local bodies by way of taxation.' This is a tax on turnover. Whether he makes any benefit out of his business or not, he must pay. In these circumstances, is it not fair that a person who sells for Rs. 50 per day should be taxed only very lightly? I appeal to the Government that this method would be in consonance with the method of progressive taxation and it is in consonance with the idea that the richer must be asked to pay more and the poorer must be asked to pay less, and in some cases nothing at all. If the Government were to adopt the method I suggest, they will be acting in consonance with the best principles of taxation and helping the small merchants who are very large in number. For all these reasons I appeal to the Government that they may accept this amendment and earn the gratitude of smaller dealers who stand in great need of such concessions as this."

ABDUL HAMEED KHAN SAHIB BAHADUR :—" Sir, strictly speaking, I do not think that we can consider the rate of half per cent, or one-fourth per cent or one-eighth per cent in this connexion. My Hon. Friend the Premier wanted us to speak on this question, viz., with regard to the rate as it is, i.e., half per cent on the turnover. But he will realize that at the rate of Rs. 5 per month, which would come to Rs. 60 per annum, on Rs. 20,000 it would work out at three-tenths per cent; and three-tenths per cent is certainly not half per cent. Therefore what we consider is that this is the first stage where we have got a slab. Therefore if we have not pleaded on behalf of the merchants who are expected to pay half per cent on the turnover, it is because we have been waiting for another opportunity when the actual rate will be considered. I am sorry that the Hon. Premier while speaking on this question did not give out his mind so far as the rate is concerned. I am sure that by the time when we come to the actual rate, the Hon. Premier will think over this question and, if he has any regard for the arguments that have been advanced by the Opposition in favour of the reduced rate of taxes, if he has any regard for public opinion as it is represented here and as it is represented outside, he will surely give out his definite decision on this matter."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :— " Sir, though my intention is to speak at a later stage when the one-eighth per cent amendment is moved, I think I had better make my attitude towards this question clear in view of the definite attitude that I have adopted with regard to one-eighth per cent. I am one who is in favour of reduction of the rate of half per cent. That being so, I am for a proportionate reduction

here also. The present rate of Rs. 5 is certainly more than one-eighth per cent. Therefore, Sir, I feel that it should be reduced. As a matter of fact, as one who insisted upon the one-eighth per cent, I should say that the rate of licence-fee should not be anything more than one-eighth per cent. So far as the slab is concerned, if the Government want to show some sympathy for the smaller merchants, they can do so. If that is not possible, what we should like to have is a consolidated slab and licence-fee not exceeding the rate which we will be fixing up for a higher amount of turnover. We have very strong reasons for reducing the rates and so in the Select Committee we first moved that it should be reduced to one-sixteenth, then to one-eighth and so on, but these suggestions were not accepted. And now we are in the Assembly and so far we have had no indication at all about the reduction of the rate. If any indication had come forth by this time, probably much of the opposition to this Bill would not have come and the Bill might have been passed into law by this time and the House might not have been sitting at all now. I only wish to say that so far we have spoken about the main principles of the Bill. That being the case, if on the question of rate any settlement could have been arrived at, it would have been the most desirable thing. That has not been possible and I should live in the hope for some more time with regard to the question of rate and no harm will be done by waiting for any amount of time. Mr. Speaker, other hon. Members who have spoken on the motion have shown their anxiety. As a matter of fact, they have translated the feeling of the public over this matter and I think every one in this House expects the Government to be reasonable on the question of rate, and I hope the Government would take this amendment seriously into consideration. I give my strong support to this amendment."

SRI N. S. VARADACHARI:—"Sir, the question of the rate has been debated upon at great length by the Members of the Opposition and I shall be able to convince the House that if any calculation had been made by them to show how far this rate would affect the people, they would not have raised so much alarm. Sir, Mr. Reid almost seemed to suggest that business interests will suffer a terrible disaster if this rate were enforced. Beyond making this oral statement he did not attempt to back it up by any figures. I ask, 'What are the calculations; what is the calamity that will overtake the business interests if they were charged half of one per cent on account of this tax?'

"Well, Sir, I venture to offer this opinion to him. Even if you divide the business classes into three well-defined groups, viz., the manufacturers, the wholesalers and the retailers, I can prove confidently that no disaster will overtake them even

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if the rate was retained at half per cent. The manufacturers have had no difficulty in any country of passing on the tax to others except under exceptional circumstances. In the case of some of the biggest I know of, for instance, the Mills in Ahmedabad, from calculations I have seen, the taxes that they pay to local, Provincial as well as the Central Government do not make more than one to two per cent of their total costs of production. If this one half per cent is added, I do not think disaster is going to overtake them. Further, Sir, it is always easy for the manufacturer to pass on this tax to other people than a dealer at any other stage.

"But regarding the wholesaler and retailer, it is not always to be assumed that they will pay the tax from their incomes or that these taxes will eventually become a charge on their business. It should be assumed on the other hand, even if the statements from the Opposition are to be taken as correct, at least in cases where either profits are fairly good or where circumstances are such as to permit taxes to be passed on to the consumer, the rate of one-half per cent will not be a terrible burden on the consumer as I shall presently prove. If any calculation should be made, it should be on the basis of the total purchasing power of our 42 millions of people, each with an average purchasing capacity of not more than Rs. 50 a year. Even taking into account the very liberal calculations of the Government of India in this respect this purchasing power does not make more than 200 crores; and even if we assume that three times this amount will on the average, be the taxable turnover, no dreadful consequences will result from half per cent being levied, if only we remember that the exceptions cover a great deal of the taxable turnover, notably those of the agriculturists who raise their own food-stuffs, cotton, yarn and bullion merchants, and the limit of Rs. 10,000 for non-taxable business.

"Sir, I would only advance one more argument. The rate cannot by any means be deemed to be oppressive if we remember all that I have said before. Even relying on the documentary evidence furnished to us at some stage or other by the Opposition —I am referring to the memorandum of the Southern India Chamber of Commerce—I may say that their calculations do not show that the tax, with all its ramifications, could produce more than *Rs. 3 or Rs. 4 crores*. Even then, on what basis? I have examined the question with some care and I say that the memorandum is wrong in many respects. It has assumed, for instance, that all paddy will be taxed. It is nothing like that. Much of the paddy is raised by the grower for his own consumption, and it never enters the internal trade of the country; some parts of the paddy or other grain is paid as wages for labour; and this again never enters the internal trade of the country. If I go on analysing each item given in their memorandum, I can prove, 5-30 p.m.

Sir, that their estimate is grossly misleading and has frightened the public and made them believe that the Government are raising an enormous sum of money out of this apparently innocent-looking tax.

" Sir, I have advanced enough arguments to show that the rate is none too oppressive; and if we take into account the one other fact that in no country in which this tax has been tried less than one per cent or three-fourths per cent, this tax cannot be said to be by any means excessive."

* SRI K. VENKATAPPAYYA :—" Mr. Speaker, it is difficult to understand the demand of the Opposition for a reduction in the rate of this tax which is already so insignificant, being one pie in the rupee. It cannot be said that it is so high as to put any man, even if he is poor, to much difficulty. We know, Sir that in this country, merchants raise what is called '*dharmam*' when they sell any article of merchandise to others, and people generally pay it without any grudge whatever. In this way, in the name of charity, they collect large sums of money and keep them to themselves sometimes, spending nominally sums for charity. But people do pay these '*dharmam*' amounts without any murmur.

" The object of this Bill is to raise the revenue necessary to meet the financial needs of the Government. We know Prohibition is now in operation and there is a proposal to reduce the land tax, and these two things will result in considerable fall in our revenues; therefore it is with a view to meet this loss in revenue that this Bill has been brought forward for the acceptance of this House. If really we have the intention of helping the Government and of co-operating with them in the great measures that they are introducing, every one of the hon. Members here would realize that it is not worth while bringing in a measure, if really it is not going to fetch the necessary amount.

" It is said, Sir, that the merchants are great losers, especially the smaller merchants. I know in Guntur and other places that merchants, small and great, are already collecting what is called '*rusum*,' I have got with me certain bills drawn up by the merchants for the amount of purchase money including one pie in the rupee as '*rusum*.' They clearly mention it there as such and the people are also paying the same. That shows that the people have reconciled themselves already to this tax. Though the merchants have raised a hue and cry against this tax, ordinary people in the country do know that Prohibition will be extended throughout this Province and know also that the land tax must be reduced and they do not grudge to pay this tax. Therefore, Sir, I oppose the amendment for reduction of the rate."

* SRI A. KALESWARA RAO :—" Mr. Speaker, it is stated by the Opposition that the whole public of the Province are opposing this sales tax. So far as I know public opinion, the opinion

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of the country in the various places which I have visited and my friends also have visited, though there was some spontaneous opposition at the beginning, though there was *hartal*, closing of shops, etc., on the part of the merchants, the opposition is really dwindling down and dying, as people lose their nervousness and are trying to understand properly the real object of the Government and the consequences of this taxation measure. No doubt, when we levy any kind of tax, there will be some opposition, and now particularly, the opposition is very vocal on account of the fact that this is a popular Government, elected by the people. So, they naturally think that if they make great noise, we would sympathise with them and do away with the tax or reduce the rate of the tax. Sir, when the Government of India taxed many things heavily, for instance, when they increased the salt duty, increased the cost of the post card and cover, it affected the poor people; but still they did not think it worth while to close their shops, observe *hartals* or make such noise as they do now. But I am glad that the people are conscious that the popular Government is there . . ."

SRI DIWAN BAHADUR A. APPADURAI PILLAI:—" On a point of order, Mr. Speaker. My friend Mr. Kaleswara Rao is going into the general question as to the desirability of the tax or otherwise. That stage is past; it is not the question now; we are now discussing merely the rate of tax. I do not think it lies with my friend to discuss the general aspects of the Bill just now."

* SRI A. KALESWARA RAO:—" I am coming to that point at once, Sir. Mr. Reid has stated that the whole public is against this measure, that the mercantile community will be ruined, that the producers and others will be hit hard, etc. As a preliminary remark, therefore, I had to say this.

" I shall come now to the question of the rate. I was wondering, Mr. Speaker, as to why the Opposition, like all merchants in the country, have been bargaining in respect of this matter. They stated in the beginning that there should be no tax at all."

MR. SPEAKER:—" Evidently Mr. Appadurai Pillai wants some ruling from me on the point he raised."

SRI DIWAN BAHADUR A. APPADURAI PILLAI:—" As you please, Sir."

MR. SPEAKER:—" You do not press for a ruling? That is all right."

* SRI A. KALESWARA RAO:—" Then they came down to one-sixteenth per cent and then they came to one-eighth, etc. That only shows that they are bargaining, that they have the bargaining spirit of the mercantile community, and that opposition is going on only in a mercantile spirit. The only question now is whether a half per cent tax should be fixed. I must say that the Government, after very careful consideration, have fixed

one half per cent as the tax to be collected on the turnover. It is not a pleasant thing to levy a new tax, and therefore much thought has been bestowed, and after very great care, this half per cent was fixed. Therefore, the bargaining of the Opposition could not be agreed to and no settlement could be come to on this point. Half per cent is a very reasonable and low percentage when we see the percentage levied in other countries. It is much heavier, for instance, in France where there is a tax on the total turnover; it begins with two per cent on all commodities and goes up in the case of luxuries. In Germany also, it is levied on the total turnover; in Hungary also it is a tax on the total turnover, and it is two per cent. Nowhere in the world do we find a country where the tax is lower than it is proposed here. We have fixed this rate, after taking into consideration the circumstances of this country and the nervousness which people would naturally feel when we tax them . . ."

* MR. W. K. M. LANGLEY:—"On a point of order, Mr. Speaker, the Parliamentary Secretary, I presume, is speaking for himself. He is good enough to state: 'We have fixed this rate, we have fixed that rate.' Am I to understand that the Parliamentary Secretary who has just been speaking and who will speak again decides these matters? And is he replying now to the legitimate complaints of the Opposition on behalf of the Government? Or is he put in just as a stop-gap by the Hon. the Prime Minister?" (Laughter.)

* SRI A. KALESWARA RAO:—"I am speaking in support of the proposition of the Government; I am a part of the Government, and therefore I say 'the Government' or 'we' sometimes."

* MR. W. K. M. LANGLEY:—"On a point of order, Sir. Is he a part of the Cabinet? He says he is a part of the Government. It seems to me he is assuming very great powers as a Parliamentary Secretary." (Laughter.)

* SRI A. KALESWARA RAO:—"Half per cent is low enough and not at all oppressive. At the same time, we all know the purpose for which this tax is levied. In other countries like the United States of America, they first tried to reduce the salaries of officials, and then for purposes of expansion of education and tackling the unemployment problem, they resorted to this sales tax. Here also in this Province, the Government have done and are doing all that is possible in the way of retrenchment and cutting short of all excessive expenditure including salaries; and for the sake of making up the deficit that we would incur on account of the Prohibition scheme, which will save many poor families from moral and economic ruin, the Government have to levy certain taxes. and this is one of them. And these taxes must be sufficient to make up the deficit. That is why half a per cent

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has been fixed. Half a per cent, I submit, will not be repressive or oppressive at all and the merchants naturally will in most cases shift the burden to the consumers.

"This tax is very good from another point of view. This is a tax which will be borne by all communities of people instead of by one particular community. One particular community, namely, the landed interests pay the land tax. When we levy additional taxes on land and on agricultural incomes, that is borne by a particular community. The excise tax is borne by poor people, by a small percentage of the whole community; the *tax is drawn very heavily from them.* Instead of that, the sales tax will be borne by all people. This is one of the excellent taxes on that ground and half per cent is not repressive. There is no force in the argument of the Opposition that the country will suffer, that merchants will suffer. The Opposition members have been shifting their ground. Sometimes they state that trade will be ruined and that merchants will be hard hit; at other times they say that the agriculturists will suffer, that consumers will suffer, and so on. After all, we have to see by experience. This is a well-known tax levied in other countries. The same experience has been felt there. The opposition to the Bill will die out and all communities will bear the tax very cheerfully; the consumers also will bear the tax, bit by bit; merchants will pay this tax which is not heavy and the country will adjust itself. We are sure that the country will adjust itself to this tax."

MR. SPEAKER:—"If the Hon. Minister for Revenue wants to speak, he may do so now."

THE HON. SRI T. PRAKASAM:—"Some hon. Members are anxious to speak and I would like to hear them."

MR. SPEAKER:—"He may speak upon rates. There is ample scope to speak on that point. Discussion on the amendments is not exhaustive. There are still some points reserved."

* THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I do not believe in the reverse process. Therefore I have to maintain even on the debate on this 'Rs. 5' that half per cent is a proper rate. The only alternative is, whatever the rate, Rs. 5 should be reduced to Rs. 4, Rs. 3 or Rs. 2. The main issue is whether half per cent should be substantially reduced. Except as a mere point of bargaining, I think the principle of the sales tax—a tax on the turnover—and such rate as can be levied at three, four, five or even six stages have been thoroughly thrashed out so much so it has almost become a stale matter just now. I therefore content myself by saying that the apprehensions have been overdrawn, that the picture has been overdrawn, if I may say so. Hon. Members blow both hot and cold in respect of this matter; they charge the Government with doing that. I return the charge; I think

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it is they who blow both hot and cold. They say this tax will be shifted on to the consumer; this tax is bound to be shifted. This is their argument in order to show that the consumer will be ruined.

" I do not think that the laws of economics can be altered in the environments and conditions that we are. Taking for granted the existing state of business, the existing state of social organization, it is not possible for a man to make good profits. If an intermediary merchant is making good profits, he will not find it possible to shift the tax for long. He will find competitors in this vast country who will be eager to take over some share in the business of distribution. They will compete and will not permit him to shift the tax. Therefore that is the only way. There are no margins in the trade as constituted, in the business as constituted and no shifts will take place. There are a number of things in the organization of business in our Province which will be affected. It is true. For instance many people who would rush to take a share in the mere business of distribution will be affected. The position will be affected. However low the tax may be—it is not because it is half a per cent, even if it is one-eighth per cent—I maintain that it is bound to be affected in that manner. If there is the fear of many distributors, of far too many people coming into the mere business of distribution with competition, they cannot shift the tax; because merchants would desire naturally to make profits and there is a margin below which they cannot go. Therefore a certain amount of what is called integration is bound to take place. I do not think it is bad for this country if it takes place. Man must learn to produce, instead of merely sharing in the crumbs of distribution. There are far too many people living on very low standards and satisfied with very small margins who undercut one another. It may be very unfortunate; it may be cruel they say; but it is a good thing if integration takes place. But sometimes we have to be cruel; it is necessary that this should be done.

" There is far too great a secret tendency in trade and commerce in this country; in modern trade and commerce in this country, there are hidden profits. Trade secrets were kept as secrets and very few people knew the profits that were being made; very few people were making large profits. Soon the secrets will be known and a large number of people will come in. The general feeling in the country is that trade is bad. As a matter of fact enquiries would show that trade has not gone down. Only far too many people have come into it and therefore it is that the business of distribution, the business of intermediaries is bad. It has gone on causing loss and damage. But how shall we remove it? The difficulties that men in the trade suffer are not going to be removed if we withdraw this Bill, not to speak of reducing the

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rate to one-fourth or to one-sixteenth per cent. Even if we withdraw this Bill, these difficulties will not disappear. If the difficulties increase, they increase for other reasons and not because we have placed this tax. The arguments therefore in favour of one-eighth or one-fourth per cent do not make any impression upon me. It is really a question whether any sales tax is worth while or not. Therefore it is that I have to be so obstinate and stick to half per cent. Anything less than half per cent will not produce what I may call any decent return. It is impossible later on to raise the rate. It is not possible to go on bringing in taxation measures for any Government, not to speak of this Government.

" It has been stated often that we have to please our constituencies and we live on our popularity. It is really mistaking the cause for the effect. It is not possible for us to live on popularity. Here is a case, a major case where we seek to prove—if anything we seek to prove—that we shall have to carry on business in a business-like manner, not merely to cultivate popularity. Therefore it is that I say, if it is worth while for the country to keep us in office, we must be enabled to do the things that we wish to do. There are many things that we wish to do. *Not to speak of the reduction of the land burden on the cultivator* of the land, the first thing that we wish to do is this; we want to remove at least the drinking trade. We cannot do it unless we get at least Rs. 4 crores. Is there any one here in this House who will show with at least a semblance of statistics that if we levy one-fourth per cent only or one-eighth per cent, we can get Rs. 4 crores? I do not think that any one with any degree or knowledge of the figures involved in the matter will be able to tell the Government that with one-eighth or one-fourth per cent tax, they can get Rs. 4 crores. Let any member of the Opposition or of any other group, Independent or otherwise, come forward and say that one-fourth per cent will produce 4 crores of rupees, that we will have enough revenue and that we will be able to carry on. At the same time, he should not disturb the general scheme of the Bill; let him not say ' Levy 25 per cent on something else, 60 per cent on something else.' Without saying such things, if any member puts forward any proposal, it is worth considering. But so far as I have been able to see, if we reduce half per cent to one-fourth per cent or one-eighth per cent, it is not possible to do anything. The point was lost.

" The only point that is made is the psychological effect that the merchants have been made to pay the tax. It will not be borne by them. It will not be borne either by the poor people. I shall at once explain my point. The poor man cannot purchase these things. It is the man who is fond of purchasing valuables, who goes repeatedly to the bazaar, it is the consumer who is comparatively better off, that will have to pay this tax. The merchants will not have to pay this tax. They are simply racking their brains.

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Because they are professional men, they object to this tax; that is all. Suppose we tax any article. This duty will ultimately be borne by the commodity itself, by those who consume the commodity. It is possible that there may be some loss in some business. Hon. Members would correct me if I am wrong. I may not be quite aware of it. But the general proposition that I make is, it is the consumer who is better off that will bear this tax. If we reduce the half per cent tax, it is not worth while to levy the tax at all. That is why I maintain that half per cent is good.

" While I am on the subject of half per cent I must refer also to the question of Rs. 5. The scheme of the Bill is, in the first block we have fixed the rate. Those with a turnover of over Rs. 20,000 are sought to be taxed by the Bill at half per cent. If we reduce this rate of half per cent to less than half per cent, we will have necessarily to reduce Rs. 5 to something less. Therefore I go through the whole question now. I submit that half per cent is not a wrong thing when taking into account the object and scheme of the Bill. Therefore, Sir, I appeal to the House to accept the proposition that 'Rs. 5' stand part of the Bill as it is in the clause."

Mr. SPEAKER:—" The original question was that clause 3
p.m. stands part of the Bill; since which an amendment has been proposed to leave out the words 'five rupees' in sub-clause (1), item (*a*), column (2). The question is that—

> the words "five rupees" proposed to be left out stand part of the clause.' "

The question was put and declared carried.

A poll was demanded and the division bells were rung.

(Mr. Palat was seen waiting to enter the House.)

Mr. SPEAKER:—" Mr. Palat may come in. I suppose all hon. Members have occupied the seats allotted to them.

A poll was taken and the House divided thus:—

Ayes.

1 The Hon. Sri C. Rajagopalachariar.
2 ,, Sri T. Prakasam.
3 ,, Mr. Yakub Hasan.
4 Mrs. A. Rukmini Lakshmipathi.
5 Sri A. Kaleswara Rao.
6 ,, T. Viswanatham.
7 ,, K. P. Yagneswara Sarma.
8 ,, V. Venkatasubbayya
9 ,, R. Venkatasubba Reddiyar.
10 ,, P. Venkatarama Ayyar.
11 ,, K. Venkatappayya Pantulu.
12 ,, R. Venkatappa Nayudu.
13 ,, B. Venkatanarayana Reddi.
14 ,, P. T. Venkatachari.
15 ,, B. Venkatachalam Pillai.
16 ,, Gopavaram Venkata Reddi.
17 The Hon. Dr. P. Subbarayan.
18 The Hon. Sri V. I. Muniswami Pillai.
19 ,, Sri V. V. Giri.
20 Ahmed Thambi Muhammad Mohideen Maracair Sahib Bahadur.
21 Sri A. B. Shetty.
22 ,, N. S. Varadachari.
23 ,, B. S. Murti.
24 ,, P. Syamasundara Rao.
25 ,, K. V. R. Swami.
26 ,, A. Subramaniam.
27 ,, C. P. Subbiah Mudaliyar.
28 ,, P. Subbiah.
29 ,, K. Subba Rao.
30 ,, Karunakaran Subba Rao.
31 ,, M. Subba Rao.
32 ,, P. S. Srinivasa Ayyar.

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Ayes—cont.

33 Sri D. S. Prasad.
34 ,, K. Sitarama Reddiyar.
35 The Hon. Sri S. Ramanathan.
36 ,, Sri B. Gopala Reddi.
37 ,, Sri C. J. Varkey.
38 Sri M. Bapineedu.
39 ,, M. Bhaktavatsalam.
40 ,, H. Sitarama Reddiyar.
41 ,, B. T. Seshadriachariar.
42 ,, K. Shanmugham Mudaliyar.
43 ,, L. Sattanatha Karayalar.
44 ,, V. J. Samu Pillai.
45 ,, K. Sakthivadivelu Gounder.
46 ,, N. Ranga Reddi.
47 ,, K. S. Ramaswami Gounder.
48 ,, D. V. Ramaswami.
49 ,, A. Ramalingam.
50 ,, T. N. Ramakrishna Reddi.
51 ,, R. B. Ramakrishna Raju.
52 ,, A. K. A. Ramachandra Reddiyar.
53 ,, R. Raghava Menon.
54 ,, V. R. Perumal Chettiyar.
55 ,, M. P. Periyaswami.
56 ,, P. Pedda Padalu.
57 ,, C. R. Parthasarathi Ayyangar.
58 ,, M. Pallam Raju.
59 ,, P. Natesa Mudaliyar.
60 ,, M. G. Natesa Chettiyar.
61 ,, V. V. Narasimham.
62 ,, C. Narasimham.
63 ,, P. L. Narasimha Raju.
64 ,, N. Nagaraja Ayyangar.
65 ,, S. Nagappa.
66 ,, R. Maruthai.
67 ,, S. T. P. Marimuthu Pillai.
68 ,, M. Marimuthu.
69 ,, R. S. Manickam.
70 ,, P. Madhavan.
71 Sri J. Sivashanmugam Pillai.
72 Hajee P. I. Kunhammed Kutty Sahib Bahadur.
73 Srimathi K. Lakshmi Ammal.
74 ,, V. Lakshmi Ammal.
75 Sri P. Lakshmanaswami.
76 Srimathi A. V. Kuttimalu Amma.
77 Sri V. Kurmayya.
78 ,, K. Kuppuswami Ayyar.
79 ,, P. S. Kumaraswami Raja.
80 ,, L. Krishnaswami Bharathi.
81 ,, S. Krishnan.
82 ,, K. Koti Reddi.
83 ,, K. Kolandavelu Nayanar.
84 ,, K. R. Karant.
85 ,, E. Kannan.
86 ,, K. Kamaraja Nadar.
87 Mrs. Jebamoney Masilamoney.
88 Sri K. Ishwara.
89 ,, N. Halasyam Ayyar.
90 ,, S. Guruvulu.
91 ,, C. K. Govindan Nayar.
92 ,, A. R. A. S. Doraiswami Nadar.
93 ,, M. Doraikannu.
94 ,, M. P. Damodaram.
95 ,, T. S. Chokkalingam Pillai.
96 ,, P. Chinnamuthu.
97 ,, G. Chelvapathi Chettiar.
98 ,, K. Chandramouli.
99 Dr. A. Chandoo.
100 Sri V. Bhuvarahan.
101 ,, Y. V. A. Bhaskara Rao Mahasayo.
102 ,, S. C. Balakrishnan.
103 ,, Muthu Kr. Ar. Kr. Arunachalam Chettiyar.
104 ,, N. Annamalai Pillai.
105 Srimathi Anjalai Ammal.
106 Sri B. Anantachar.
107 Srimathi G. Ammanna Raja.

Noes.

1 Kumararaja Muthiah Chettiyar of Chettinad.
2 Sri Adimoolam Jamedar.
3 ,, Diwan Bahadur A. Appadurai Pillai.
4 *Khan Bahadur* P. M. *Attakoya* Thangal Sahib Bahadur.
5 S. Ghouse Mohideen Sahib Bahadur.
6 Mir Akram Ali Sahib Bahadur.
7 Sri Grandhi Venkata Reddi.
8 Abdul Hameed Khan Sahib Bahadur.
9 Abdur Rahman Ali Rajah Arakal Sultan.
10 K. Abdur Rahman Khan Sahib Bahadur.
11 H. S. Hussain Sahib Bahadur.
12 A. K. Kader Kutty Sahib Bahadur.
13 Khan Sahib K. A. Shaik Dawood Sahib Bahadur.
14 V. S. T. Shaik Mansoor Tharaganar Sahib Bahadur.
15 S. K. Shaik Rowther Sahib *Bahadur.*
16 D. Saiyed Ibrahim Sahib Bahadur.
17 Mahbooh Ali Baig Sahib Bahadur.
18 M. Ahmed Batcha Sahib Bahadur.
19 Mr. W. K. M. Langley.
20 ,, G. H. Hodgson.
21 ,, D. M. Reid.
22 ,, G. E. Walker.
23 ,, H. S. Town.
24 Sri R. M. Palat.
25 ,, Rao Bahadur M. C. Rajah.
26 ,, G. Krishna Rao.
27 ,, T. T. Krishnamachariar.
28 ,, B. Bhaktavatsalu Nayudu.

Ayes 107. *Noes* 28.

The question was carried.

Sub-clause (1)—Item (*b*)—Column (1).

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, I beg to move—

' Omit the *words* " *in a year* ".'

" I need not say anything about it. It is merely a verbal change which I have already explained."

The amendment was put and carried.

Sub-clause (1)—Item (*b*)—Column (2).

ABDUL HAMEED KHAN SAHIB BAHADUR :—" Mr. Speaker, I beg to move the following amendment :—

' Leave out *the words* " *one half of one per cent* " *and* insert *the words* " *one-eighth of one per cent* ".'

" Sir, even after hearing what might have appeared to be a very definite view expressed by the Hon. the Premier on the question of the rate on a previous amendment, if I get up to speak on an amendment for reducing the rate—it might be to one-eighth per cent as it is found in my amendment, or one-fourth per cent as is found in a subsequent amendment—hon. Members here and many others outside might think that we are fighting a lost battle. But I believe Sir (to quote the words of the Hon. the Premier), we should ' never say die.' I will not, while speaking on this motion and advancing arguments to strengthen my case, advance arguments counter to those which were advanced a few moments ago not only by the Hon. the Premier but also by some of the Parliamentary Secretaries. For my object is to win the case and not to make a show of arguments and counter-arguments or even to make the case of the Government weaker than what it is. That is not my purpose. I find that in Parliamentary debates, very often the real object is lost sight of when we indulge in arguments and counter-arguments. It seems to me that there is no need for it after the numerous occasions on which we have tried to put before the Government the case, as we understand it, not only of the merchants, the petty traders, but also of the consumers and of the entire people. Sir, it has been stated very cogently that this Bill, if passed into law, will affect a very large majority of the people of this Province. But, that should not be an argument for saying that if this Bill is going to affect a very large number of people, it is a very good system of taxation, because it will be very well distributed among a large number of people and the incidence of this tax will be light. I do not think there is much force in that, for we can easily point out that it is not only the consumer in very affluent circumstances who will be called upon to bear the burden of this tax, but even the poor will have to bear it in proportion. These poor people can ill-afford to pay this tax after meeting the bare necessities of their life. Such poor people are very large in number. The Hon. the Premier would

not have insisted on this rate of half a per cent, or he could not have brought forward this Bill, if he does not depend, as he does, on the very large mass of consumers who will be ultimately affected; for he has told us, 'There is no use of telling us that it is the merchant or the dealer or the petty dealer alone who will be affected, because the whole thing will ultimately shift to the consumer.' It is no doubt true. Their number is very large and it is on them that the Hon. the Premier and his Government depend for getting the crores of rupees that they expect to get from this tax. If all these poor people are eliminated, for according to the Hon. the Premier it is the merchant in affluent circumstances that will have to bear the burden, I for a moment cannot believe that the Government will raise more than a few thousands, as the number of such merchants will only be very small. If the merchants are now clamouring for the reduction of the rate and are holding *hartals*, it is not because they are going to bear this tax entirely themselves, but it is because they feel that ultimately their business will be dislocated and reduced. As a matter of fact the Hon. the Premier also has adumbrated that by this means, a large number of people who are living by distributing merchandise, whom he calls interlopers—I do not think he has used the word 'interlopers,' but I think he used a much softer word 'intermediary'—that is, those intermediaries who do business between the consumer and the producer will be removed from the trade altogether. I think the Hon. the Premier is looking forward to the day when every consumer will go direct to the land and buy from the man in the paddy field. Perhaps it might be his vision which he hopes to realize soon. But, as ordinary beings with very limited intellect and limited vision, we are not in a position to see when that day will come. We know, Sir, these intermediaries do exist all over the world and perhaps they will continue to exist till the day when all the intermediaries, by some magic which might be performed by this Government, will soon disappear. Where will they go? Where is the system of economic structure in this country and especially in this Province and what profession is waiting with open arms to take these people? We have been living in times when profession after profession has been disappearing. The result of the scheme which the Hon. the Premier has in his mind by passing this Bill will be that a very large number of people who are at present engaged in the intermediary stages of trade will have to disappear. I am sure the Hon. the Premier will realize that the result of this will be, if these men are thrown out, that they will swell the number of unemployed in the country who are already large; and I am sure he realizes what unemployment means not only to the people but also to the Government.

"Now, Sir, so far as the rate is concerned, the Hon. the Premier said that half per cent is reasonable. He said that it
Premier said that half per cent is reasonable. He said that it
was fixed after considering the pros and cons and he does not

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whether till this day, from the introduction of this measure, any Member of the Government, either the Hon. the Prime Minister or the Revenue Minister or the very esteemed Parliamentary Secretaries have taken the House into their confidence and told us what they expect to realize out of this tax. Either they are not in a position to tell us or perhaps they do not know it, or they know it but do not want to tell us. But, if they know it, I do not think there is anything wrong in taking the House into their confidence and telling us that by this half per cent they would be able to get so many crores. Yet they say, what is the charm in your asking us to reduce it to quarter or one-eighth. My hon. Friend, Mr. Varadachari, was saying, 'we do not know why you are saying like that, you are simply bargaining, and you are saying that only in the bargaining spirit of a merchant; excepting for that you have no figures.' It is said that no merchant in this House is able to tell us that by reducing this to one-fourth or one-eighth per cent, Government will be able to get so much. Of course, in this matter, both the Government and the Opposition are situated in exactly the same position. If we were in charge of Government they would have accused us for not giving that information. I am sure, they have facts and figures and they are in a position to tell us that by levying this half per cent they will be able to collect a certain amount.

"Then, Sir, the question of Prohibition is brought forward. I would like to know, Sir, whether by levying this half per cent they will be in a position to introduce Prohibition all over the Province. Have they figures to show that if they collect about 4 crores from out of this tax, they will introduce Prohibition throughout the Province? They are not in a position to say that either. They are in the dark and while plunging in darkness they say, let it be half per cent. Probably they see some charm in that figure and they think they could do many good things with this half per cent. I do not think there is any charm in that half per cent. Neither any substantial information has been given to us about this matter that by collecting half per cent tax, so much money will be collected with which such and such a good thing can be introduced. Sometimes the Hon. the Premier says, he will get one crore if this half per cent rate is levied; sometimes some other hon. Member of Government says that it might be some 14 or 15 crores. Thus there is no possibility of knowing what exactly Government expect to get by this half per cent. If they do not expect to collect any large sum of money by means of this half per cent, I do not see why they should adhere to the half per cent and what the justification is on the part of some hon. Members who say that it is a reasonable rate. By merely saying it is a reasonable rate, it does not become reasonable. They ought to tell us definitely how it is reasonable. The merchant says that because the tax is heavy, it is not reasonable. I can tell hon. Members of this House that it is not only the rich merchant but

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also the poor merchants who have to pay this tax from out of their income or even out of their capital. All the big merchants will have to pay thousands of rupees at the end of the year as tax. Hon. the Premier will realize that a merchant who pays only Rs. 1,000 as income-tax has to pay Rs. 2,000, Rs. 5,000 or Rs. 10,000 at the end of the year towards this tax, not on the income that he receives. It will be easily realized what exactly it means to his business. That amount is not paid out of his profit, but out of his capital and it means dislocation of the business. Not only that, it affects a large number of people. We know, Sir, a large number of young men are employed by many of these firms and as a result of this, they will begin to effect retrenchment not only in the City but also throughout the whole Province and thereby a large number of young men will have to go out of employment; they will only go to swell the number of unemployed. I therefore plead, Sir, that if the rate is reduced all these hardships will be proportionately reduced. If the tax is half per cent and if 100 persons are thrown out of employment, then if it is reduced to one-fourth only 50 persons will be unemployed and if it is still further reduced to one-eighth only 25 will be sent out. Is it not therefore reasonable to expect that it is better to send out only 10 or 20 instead of 50 or 100 persons? Therefore, Sir, is it not reasonable to ask for a reduction of this tax for it will reduce the number of unemployed? Therefore, Sir, considering the question from all points of view, we consider the rate should be reduced.

"Besides all these arguments, Sir, I have been telling the Government that this tax is after all a new tax and you are introducing this only for the first time in this country. Our people are after all not accustomed to it. They are so long accustomed to pay out of only profit but here you are asking them to pay out of capital. For the first time they have been called upon to do it; why not they be given some smaller rates? My hon. Friend the Premier is a person who if he believes a certain thing to be 6-3
just will pluck up courage and stick to it as he has been doing p
in this case. I do not deny, Sir, that he believes that this is a proper thing; but we representing the traders and the poor people believe that we can help by pointing out to him that what he feels may be right according to him but that there is the other side which has to be taken into consideration and that is just what we are doing. That is why we are pointing out to him that the people will not be able to bear the rate as it has been proposed and that is why we are urging that a lower rate may be fixed just now. If you are in a position to gauge and understand the position as to what extent the people will be able to bear the taxation, you may be in a position later to raise it. But as things stand to-day, you are only building on a vacuum by having this half per cent, whereas if you have it at one-eighth per cent or one-quarter percent, you will have a solid base from which to proceed. You are

proceeding without the foundation as it were; you are building with mere vacuum as your foundation. We are therefore, suggesting to the Hon. the Premier to have a sound foundation for the financial structure by having a lower rate and if you do that, you will be able to build up a stronger financial structure. Even though I know I am hoping against hope when I am making this suggestion, I am appealing to him—not only to him but also to the Hon. the Minister for Revenue who, I believe is adamant so far as this question is concerned—to accept the lower rate. I know that if he relents, it will be possible. Because he is the Minister in charge of revenue, he wants more money as he wants to afford relief to the agriculturists in respect of their land-tax. That is why he wants to have more money. I understand the Hon. Minister's anxiety; I can understand the righteousness of his policy. I want to appeal to him and the Hon. the Premier all the same to accept the suggestion. I do not want to make it an Opposition case; I want to make this case on behalf of those whom this Bill is affecting. I am sure that the earnest appeal that has gone forth from all of us will have its effect and I am hopeful that the Hon. the Premier and the Hon. the Revenue Minister and all those responsible for this tax, if they cannot come to a decision now, might consult and give us what we want—not for ourselves but on behalf of the people whom we represent."

* SRI T. T. KRISHNAMACHARIAR:—" Mr. Speaker, I second the proposition moved by my hon. Friend, the member representing the Muslim Constituency for the City of Madras. I would like to make a personal explanation, if I may, for being what might appear to be slightly illogical. I do not think it needs any explanation at all for my supporting a proposition like this now, even though I did not speak at length on another earlier amendment which was probably remotely connected with this proposition. I for one feel that logic is not a plant that thrives in the bleak atmosphere of politics and if I am illogical it is permissible. It is, I believe, Austen Chamberlain who said that it is futile to attempt to be logical in politics. I am learning my first lessons in politics and this is my first attempt at being illogical.

" Sir, this is a very vital clause so far as I am concerned and vital for the constituency which I have the honour to represent. I hope it would not be necessary for me to again intervene in this debate after this clause. It would not be an exaggeration to say that one is oppressed by the sense of the futility in speaking here, after seeing amendment after amendment voted down. Still one has to do his duty.

" I am grateful to the two Members on the Government side who have somewhat eased a tense atmosphere by giving the drama that is being now enacted a truly classical setting. My hon. Friends of the European group may not be aware that in classical Sanskrit dramas generally two actors, a male and a female, called

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the Sutradhar and the Nati, introduce the story to the audience and here we have had two Parliamentary Secretaries introducing the drama to us and it is no exaggeration to say they admirably fill the roles they have taken up. They have introduced the drama in its proper setting promising us what is to come later. What they said cannot probably all be justified in relation to the tax proposal before us; but the house must understand that they are more or less comic actors in the drama and everything is permissible so far as they are concerned. I have not taken my hon. Friend, Mr. Varadachariar the Sutradhar very seriously and I am going to take my hon. Friend, Mr. Kaleswara Rao who acted the part of Nati to excellence less seriously. Mr. Varadachari has made out no case; though he said 'as I shall presently show' he has made only a *per capita* guess, a guess as little based upon facts and figures as are to some extent the figures supplied by the Southern India Chamber of Commerce. The latter was a good guess but the other is a bad guess. Those who were responsible for the figures brought out by my constituency had some facts and materials on which they based them; there was no infallibility about them. It has to be remembered that after all the responsibility for producing accurate figures is that of the Government and the Government had refused to undertake that responsibility. I am not saying this in answer to what those two gentlemen said but only as a justification for any mistakes in our figures. The two gentlemen from the Government side who spoke in support of the Bill have made out no case.

"As regards the principal actor in this drama, who is undoubtedly the Mover of the Bill, he charged those who tried to bring down the rate with being inconsistent. I tried to think hard and reflect for a good half an hour after he finished his speech, as to where the inconsistency lay and I came to the conclusion that the inconsistency if at all is only on the Government's side. The fact is that nobody knows his mind. It is in fact a new thing, this tax measure that is sought to be introduced into our fiscal system. It is a new micro-organism that is sought to be injected into the economy of this country and naturally you are at a loss to know what its incidence and economic effects will be. The Hon. the Premier said that our arguments did not appeal to him. But he went further and said—at any rate yesterday, he admitted—that the apprehensions in the minds of the business people were genuine. That is a big concession. While it is probably true, there is his other statement, that his political opponents are trying to make capital out of it. But is it anything strange? As Mr. Langley will perhaps put it, there is nothing wrong in this side trying to make capital out of anything that is against the Government but that has nothing to do with the business community. If you recognize that their apprehensions are genuine, what have you done to allay them? He said some time

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back that the world was drawing towards common management and subsequently, he said that it was possible that the intermediaries might go as a result of this tax and that it was a good thing. I think that nobody, neither the Hon. the Premier nor the Hon. the Revenue Minister or any one in this House, ever made any claim that this measure which is the one means of taxation given to them under the Government of India Act, is designed to redistribute the wealth of the country. If they made that claim, they are entirely wrong. The general sales tax can never bring about a redistribution of wealth in the country. (Hon. Premier: 'Nobody made that claim.') I have simply observed that if that claim is made, it was wrong. (An hon. Member: 'It is mere imagination.') It is nothing imaginary and when I said it, I had in my mind what has been said outside by members of the Government's party that this will have the effect of driving wealth from the towns into the country. Even that I say is wrong and I am backed in that by the opinion of a large body of academicians. I shall not go any further, Sir, because the Leader of the House says that nobody said it."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" It may be useful to point out, Sir, that something has happened either in the reports or in the reading thereof by which 'redistribution of the incidence of tax' has been taken for 'redistribution of wealth.'"

* SRI T. T. KRISHNAMACHARIAR :—" Even as regards the redistribution of the incidence of taxation, I do not think you are by this measure altering it. Trade and commerce may be disturbed but ultimately the incidence will still be where it now is and it cannot be shifted and I can tell him that if he had framed the Bill so as to exclude the primary products, then such a thing can come to pass. But so long as the primary products which form 40 per cent of the total trade of the country are within the scope of the mischief of the Act, he is wrong in supposing that there will be any tangible redistribution in the incidence of taxation. I maintain he is wrong.

" You know that the business community is apprehensive about its effects upon trade. All the same, you want money and that is your justification for bringing in this measure. You are defeating the very purpose of this measure by hanging on to the rate of half a per cent of the total turnover. As a result of integration of business which in my opinion such high rate will lead to, you will not get the revenue you expect. The Hon. the Premier referred some time back to what obtained in Germany on the subject of the sales tax operating in that country; but let me point out to him that when they found that it was defeating the very purpose of the measure, the Government that was in power before the advent of the Nazi regime, tried to preserve the system

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of competitive economy by giving all kinds of privileges to the intermediaries and by making it penal for intermediaries to be wiped out. If your idea is to preserve the competitive economy in this province, if your idea is to increase the number of transactions and thus earn more revenue, you cannot say, 'Let the intermediaries go.' It is a contradiction in terms for you to say 'I want a big revenue and at the same time I can do without the intermediaries.' If you adopt that attitude, I will have to warn the Government that their revenues will fall short of expectations. The experience of other countries fully backs my opinion; otherwise people in those countries would not have taken all the care they have bestowed to preserve competition. The apprehension in the minds of the trading community is genuine. I hold that this rate apart from its incidence, apart from its malevolent effects, apart from the harm it will do to the primary producer, it will injure the trade economy of the country. It will affect the middle men. To the extent that you are injecting this poison—call it bacillus or a micro-organism—into the trade system in small or microspic doses, to the extent that the trade absorbs this bacillus and gets used to it, to that extent you will be successful in achieving the object of getting a large revenue out of it and you will not affect the competitive economy obtaining in this country. People are afraid that they are going to be hurt; dealers fear that they are going out of existence. The conception of hurt is there and the Hon. the Premier has been charitable enough to admit that fears are there and are genuine and the thanks of the trade are due to him for he has been more considerate to the feelings of the trade than many of his colleagues or other people in the Congress Party. We are grateful to him for it.

"But what should you do to allay it? I may be permitted to suggest to him, what is said in medical parlance 'develop tolerance in the system' for this new and alien micro-organism. You have to make the system tolerate the foreign body that you are introducing into the system. You should not say, 'I want more revenue; that is why I want the rate to stand; it will stand there for all time, at any rate so long as I am here.' That is not logic. You should make the system assimilate and develop 'tolerance' for a foreign body which you are putting into it. It is not fit that the entire dose of poison of half per cent should be injected in one dose. A doctor does not inject the full quantity of poison that is new to counteract other poison in the system in a single dose; he knows well a cup of hemlock administered in one single dose will kill the patient and he starts injecting what are called sub-lethal doses of the poison to start with. Nor does the Hon. the Premier want to kill trade. Hence, why the whole dose all at once? Why not start with a sub-lethal dose of an one-eighth per cent? I am not asking him at this stage to abandon the tax. It is clear that this system of

taxation is going to be there in our fiscal system for all time. I only say, it is bad and unwise move to start the tax at the full rate. Let the country get used to it. It is new to them; they are frightened at the measure, as it is quite new; so, I say, let them get accustomed to it. So begin the tax somewhere low, if you will not as you have said impose the tax at a single point instead of at all the stages. Let the system develop tolerance for it. For, when poison is injected, it is intended to preserve the subject and not to kill him. So, I say, start at one-eighth per cent. I have absolutely no doubt in my mind that whoever may happen to function here, on Treasury Benches in the future will if any thing increase the rates in this sales tax rather than reduce it. But to the Government that is initiating this new and inequitous system it is not unfair to point out to begin somewhere low and then to gradually increase it so that the system may absorb and assimilate it and they do not unduly suffer from its maleffects. As it is, the tax is absolutely new, and people are frightened about it. There is no use shouting down my arguments. Because, I feel I am fully backed by professional and academic opinion.

"There is one more point. What is the burden imposed by this tax? It is said, 'it is only one pie in the rupee and nothing more.' As a matter of fact, let me ask the House to remember what the Hon. the Leader of the House said with regard to the tobacco tax. He said, 'it is only one pie in the anna, and it is nothing.' And here, it is said, 'it is only one pie in the rupee, it is nothing.' Suppose it is asked, what is the salary of the High Court Judge? It is Rs. 4,000. But it can be justified on the ground, 'after all it is only half a rupee per second; what does it matter, it is not much. It is nothing.' Sir, this idea of over-simplification of any important issue has become a malady all over the world. It is a malady which has appeared as a result of the need for short cuts in solving post-war problems. I was recently reading a treatise on the psychology of social movements by a well-known authority on the subject, Dr. Pryns Hopkins, who has devoted a chapter to dealing with this new malady and he has deprecated this practice of men that count over-simplifying complicated and important problems in the strongest terms. No matter how big the problem may be, immediately they seek a solution by this process of over-simplification by a simple formula of a parable. If, for instance, a man is being chased by a mad bull and the bull is fast overtaking him it is easy for onlookers to say, run faster my friend. But if he has a lame leg or he is running as fast as be could, the suggestion is silly. In fact, our problems are really not quite so simple. They are far bigger, and the solutions suggested are often much simpler, like the 'one pie in the rupee.' I say that sort of argument ought not

to be put forward by anybody occupying the Treasury Benches. It looks as though, for them, nothing is too big. And then, it was the Hon. Revenue Minister who said, after all, 'you will have to pay only two times over, or four times over on each commodity, it is not much.' This reminds me of the argument I heard put forward by one of the leading lights of the anti-Hindi school; he said this tax will work up to 42 pies in the rupee when a commodity reaches the consumer's hands. I submit, it is exaggeration on one side, and what the Government say is exaggeration on the other side. Thus some say, the tax is only one pie in the rupee; and it will only be collected two times over; some others say, it is three times over; and some others say it is four times over; some, five times, some six times. I make no claim for being a prophet as to exactly how many times over it will really be collected on any particular commodity before it reaches the hands of the consumer. But I will remind the Hon. Premier of the warning he administered on a former occasion. He said, 'don't amuse yourself by indulging in this sort of speculation.' I do not want to amuse myself or the House. I do not see anything wrong in what he said. What he said is perfectly true. Because nobody knows what exactly it will be; and nobody knows whither we are proceeding. He said, 'don't amuse yourself by indulging in that sort of speculation.' In fact, he is perfectly correct; for there is no point in saying 'the tax will ultimately be collected 42 times over. six times, four times over and so on;' for it is all a game of the blind man's buff: the Hon. Premier is leading and all of us are following him. (Laughter.)

"I do not think there is anything more for me to say and thereby take up the time of the House, particularly after I have declared what I feel in the matter. I did not want to put it in the pathetic language of my hon. Friend, Mr. Reid; because, he has come into this House only quite recently, but I am a little more hardened than him, as I have been here longer before him. Obstinacy on the part of Government does not particularly improve their case. Mere *apriori* reasoning does not advance their cause one bit. I say, Sir. there is fear in the minds of the people; they have got to be educated into accepting this tax as part of the scheme of life. It is said that it may not be detrimental to the internal economy of trade if middlemen disappear. But if it were so, you are defeating your own purpose, as it has been borne out by the experience of other countries. I say, therefore, 'go slow.' On the question what money the Government need, there is no use beating about the bush. I was present when to a deputation of merchants that waited on him, the Hon. Premier said that the Government wanted immediately one crore of rupees, to start with. with an increase of 25 lakhs each year. Therefore, I would

advise Government to start with one-eighth per cent, administer the tax properly and if need be alter the rates later. If this is done you will come surely nearer and nearer the figure you want ultimately. I say, any high rate at the start will not give any appreciable increase in the revenue. It will only retard the pace of progress, and nothing will be gained; you will only stand to lose revenue instead of augmenting it by multiplying the number of transaction on each commodity.

"There is no use saying, there is a glut in the market of middlemen. The world is now coming to common management, and that is why we have Hitler, Mussolini and Stalin, and even a Roosevelt, each having his own way. After all, our economic organization is largely a matter of conventions and conventions have to be respected. My friend, Mr. Varadachariar, asks 'what will happen if these are not preserved? Will any disaster take place if the tax is levied at the rate of half per cent? Has anybody proved it? Will the world come to an end? Will all of us die? Will the whole earth be wiped out?' No, perhaps not. I say, the economic system like the human system always adjusts itself though the final shape that it takes may not be what we want it to be. What is the meaning of these conventions? Why should we at all respect the conventions like that of marriage? Does a child born out of lawful wedlock weigh ten pounds less than a child otherwise born? Or, is an illegitimate child one inch less in height or two inches shorter in girth than child born of lawful wedlock? No, it is all the same. A convention is set up and all follow it. Even if we do not follow it the world will go on as merrily as before. That is no point in the argument of the other side. And that is no point in becoming melo-dramatic about it like my hon. Friend over here playing the part of Sutradhar, or comic like my hon. Friend over there who acted the female counterpart. (Laughter.) I am not an optimist like my friend representing the Madras Muslims. I have no hopes of the Government resiling from their present position. But I have got a duty to discharge. I have to say what has to be said. If the Government do not agree, it does not mean it was because I have not said what I had to say."

MR. SPEAKER:—"The original question was that clause 3 stand part of the Bill; since which an amendment has been proposed to leave out the words 'one half of one per cent' in column 2 of sub-clause (1)—item (*b*). The question is that—

> 'the words "one half of one per cent" proposed to be left out stand part of the clause.'"

* MR. W. K. M. LANGLEY:—"Mr. Speaker, the group which I represent has tabled several amendments on this Bill, and one of the amendments is the one which we are now discussing. We

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do not, however, propose to speak in support of that amendment. Nor do we propose to move any of the other amendments which stand in our name later on in connexion with this Bill. I crave your indulgence, Sir, if you will allow me to make a brief explanation, which will perhaps explain our position and at the same time will, I hope, acquit us of any imputation of disrespect to the Chair. It seems to me, Sir, that the attitude of the Government in connexion with this Bill is only too plain. And if anything further were required to make my belief of that statement to be true, it is the way in which the matter which we are actually discussing has already in my opinion been completely prejudged by the Hon. Mover of the Bill. The Hon. the Premier, in opening the discussion on this Bill, said that there were a number of amendments and that he would require strong arguments in order to accept those amendments. That is a reasonable statement. But, it seems to me, that since the start of this debate, I regret to say, not only he, but also the Government generally, have shown a complete disregard of all the arguments advanced by the speakers and of the speakers themselves. And any reply to arguments which have been advanced have been more by way of assertion than by way of any sort of argument in reply. We feel, therefore, we cannot usefully take any further part in this debate. I deeply regret to have to say this; because I have always felt, and I still feel, that our special knowledge in connexion with business could have been of some use to a Government which was prepared to hear and admit business arguments, and not take the line that it knew more about business than business people themselves. On personal grounds, particularly, I regret this action of ours, because our personal relations, not only with the Hon. the Premier himself but with all the Members of Government, have always been of the most cordial description in connexion with past debates and also in connexion with administrative matters. But the attitude of the Government as a whole on this Bill has shown a growing disregard of reasonable opposition that makes it only too plain that any further effort on our part would be completely wasted."

* S. K. SHAIK ROWTHER SAHIB BAHADUR:—" Mr. Speaker, may I move my amendments Nos. 43-A and 51, together?" 7 p.m

MR. SPEAKER:—" There is no question of moving any amendment now. 51 does not come under the new analysed list of amendments. You may make your speech."

* S. K. SHAIK ROWTHER SAHIB BAHADUR:—" Mr. Speaker, my object in moving this amendment . . ."

MR. SPEAKER:—" You may speak on the amendment. You are not moving the amendment. You are supporting the amendment."

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* S. K. SHAIK ROWTHER SAHIB BAHADUR :—" In speaking on the amendment, I wish to draw the attention of the Government to the fact that this tax is going to affect not only the merchants but also the consumers to a considerable extent. Government say that by this taxation measure they are going to shift the burden from the people in villages to those in urban areas, who are placed in a far better position.

" I am unable to understand how this is possible when even the bare necessities of the poor people in rural areas, such as rice, ragi and other cereals are going to be taxed by this Bill. Since the poor people in the villages have to bear this burden of taxation, it is absolutely necessary that the rate of this tax should be reduced to one-fourth per cent.

" Further the Hon. Prime Minister when he introduced the amended Bill for consideration said that this sales tax was not a new one and that it is levied already in other countries also, such as Canada and Germany and that the rate of the tax is ten to fifteen per cent while the rate of the tax that is going to be introduced here is only half per cent. Sir, the financial condition of the people in those countries are quite different from that of our Province. The average income of a man in our Province is only about one and a half annas while the average income of the Westerners is many times more than this and so there can be no comparison between our Province and those countries.

" I therefore submit, Sir, that the rate of the sales tax should be reduced to one-fourth per cent so that the poor villagers may be able to bear this burden. I request the Hon. the Premier to reduce the rate from half a per cent to one-fourth per cent at least for the sake of the poor villager whose interests the Government have always in their hearts. So I submit, Sir, that this amendment may be accepted."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI :—" Mr. Speaker, I rise to support the amendment moved by my hon. Friend, Mr. Rowther . . . "

MR. SPEAKER :—" Not Mr. Rowther. Mr. Abdul Hameed Khan."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI :—" I get so confused, Sir, with your ruling."

MR. SPEAKER :—" I will make it clear. If there is any confusion the Chair is here to clear it. The only question before the House is the amendment moved by Mr. Abdul Hameed Khan. And Mr. Appadurai Pillai may speak upon this amendment, and while speaking he may traverse the whole field."

* SRI DIWAN BAHADUR A. APPADURAI PILLAI :—" I oppose the motion to retain the half per cent in sub-clause (1)—item (*b*). It would require more than ordinary courage on the part of any member to get up and speak on a motion of this kind

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after what has fallen from the Hon. the Premier with reference to the rate of taxation. However, Sir, human nature being what it is, we live on hope. I do hope, Sir, that an appeal to the Hon. the Premier may probably yield favourable results in the matter of the reduction of the rate proposed in the Bill before us. Sir, I do not like to traverse the whole question of the desirability of the tax or the necessity for the tax. The principle has been accepted that taxation is necessary in order to make up for the loss of revenue sustained by Government due to the introduction of Prohibition, and to run the day-to-day administration more money is wanted. We know, Sir, from the Budget proposals that there is a deficit of 42 and odd lakhs of rupees in the Budget for 1939-40. That deficit has to be made up somehow or other. We were informed by the Hon. Premier that the deficit has been made good to the extent of 15 lakhs of rupees by the imposition of tax on motor spirit and electricity, and the balance remaining to be made up is 17 and odd lakhs of rupees. In order to meet that deficit of 17 and odd lakhs of rupees, further legislation has been taken in the direction of levying tobacco-tax and also a tax on entertainments. These two taxes having been introduced, the question naturally arises, whether it is necessary to go forward to introduce another piece of legislation to levy fresh taxation. What ought to be made up is only 17 lakhs and odd. According to ordinary computation, as has been admitted by the Members in the Treasury Bench the tobacco-tax will easily bring in about a crore of rupees and it is also estimated, Sir, that the public entertainment tax, small though it may seem, would yield somewhere in the neighbourhood of 20 lakhs. We require only 17 lakhs, and this will be more than made up by both these taxes. Since the date of the Budget session, these two taxes having been introduced, one is tempted to ask, Sir, whether there is any justification for going forward with the sales tax. However, since the principle has been accepted, I do not wish to traverse that ground. The question now before us is whether the tax of half a per cent is adequate or inadequate. Considering the fact that nobody either on the side of the Government, or on this side, the Opposition, has been able to estimate with any pretence to accuracy, the probable yield from the sales tax, the question arises whether it is necessary to secure more money than what is actually needed for Governmental purposes. That leads to the question of principle.

" The Hon. the Premier quoted to us, from a statement made by Mr. Lloyd George, who occupied a similar position to that of our Hon. the Premier. Sir, great minds think alike. Sir, the statement is good, it is reasonable. It is good, logically, but is it necessary to budget, very far ahead, not merely to meet the present requirements; but also to provide for future requirements? I would very respectfully draw the attention of the Hon. the Premier to the dictum that he has himself laid down in presenting

the Budget. The dictum is this. He has stated at page 5 of his speech in discussing the present method of budgeting. Sir, without unnecessarily taking up the time of the House, I would confine myself to the few sentences which the Hon. the Premier spoke with reference to this point: He stated, Sir,

> 'It becomes, therefore, necessary to abandon the old approach and follow the alternative plan of determining the expenditure which is to be incurred and then devising the means of raising revenue sufficient to meet it.'

That is the scheme; that is the dictum which the Hon. the Premier laid before us while introducing the Budget. He added,

> 'Taxation can then be reduced or increased according as the expenditure found to be necessary is less than or greater than the revenue anticipated from the existing sources. Hon. Members are well aware that this is the normal budgetary procedure followed by nearly all present-day Governments.'

It is very curious, Sir, that when I turned over this speech of the Hon. the Premier I find I had marked just opposite this passage 'Question,' because, Sir, trained as I was with reference to the ordinary method of budgeting, this proposition laid down by the Hon. the Premier struck me as new. But I had to reconcile myself to that statement, and accepted it. 'Determining the expenditure which is to be incurred and then devising the means of raising revenue sufficient to meet it' is a sound proposition. Sir, if that statement holds good, if that dictum is the dictum that has been placed before the House for its guidance, not only now, but also in the future, and if this budgetary procedure is followed by all present-day Governments, where is the necessity, Sir, for budgeting far ahead beyond our present anticipations? Sir, in dealing with this question, I would like to hasten to correct a fallacy, that has been often brought forward inside and outside this House with reference to this taxation. I have necessarily to refer to it in referring to the rate of tax. It has often been stated that it is very necessary that the burden of taxation that is borne by the agricultural population, should be shifted on to the shoulders of the urban population. It is a good proposition. But, examining it carefully, one finds that according to the statistics given in the Adiministration Report of the past year, quoted by an hon. Member of this House a few days ago, the Land Revenue contributes 30 per cent of the gross revenue of the Province. Because, Land Revenue contributes 30 per cent of the total revenue of the Province, it follows that the people who contribute Land Revenue are badly hit, they bear a heavier burden than urban, the citizens who enjoy all the amenities of life. This is a fallacy. Land Revenue yields 30 per cent; in addition to 30 per cent, one should add 11 per cent derived from Irrigation, that makes a total of 41 per cent given by the agricultural population. Deducting 41 per cent, the remaining 59 per cent is borne by the urban population. Where does the charge come in that the agricultural population is really hard hit, bears

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all the burden and therefore the burden should be shifted on to the shoulders of the urban population? Sir, if it is the case that the Land Revenue rates are high, that these rates are heavy and the burden has to be lessened by all means, we are prepared for it. We certainly do realize that the Land Revenue rates are very heavy and need revision at the earliest possible moment. But that does not prove the case that the urban population does not bear an equal responsibility or share of general revenues.

"The stamp revenue, the motor taxation, electricity, all these 7-15 contribute, as I pointed out, the remaining moiety of the gross p.m. revenue. Therefore, Sir, the oft-quoted statement that the rural population is over-burdened as opposed to the urban population and that the urban population is not sharing its due proportion of the burden does not hold good. The real issue is, as I have begun, whether half per cent is excessive. Sir, it has been stated in and out of season both in the Press and on the platform that half per cent would weigh very heavily upon the people who are engaged in the sales. We should not forget the fact that in several transactions the percentage is not even half. I have known cases where merchants sell for the mere cost price. In paddy or rice, a transfer does take place for the actual cost except the bag, and in some cases the profit that a dealer gets is only the box (container). That is the only remnant that goes to him. Considering such extreme cases, I do not think that it can be advanced with any reason that half per cent is a light percentage of taxation. Half per cent in some cases would weigh very heavily.

"Sir, it has been stated that at least one association, the South Indian Chamber of Commerce, has had the courage to publish certain statements to show the incidence of the proposed taxation. The Chamber has given facts and figures to show that according to its calculation of the commodities that would come under this sales tax regulation, the income would amount to nearly one and a half crores of rupees, if the commodities are taxed at one particular stage. Sir, granting for purposes of argument that on an average there are three transactions in a sale, three times half per cent would come to four and a half crores of rupees. Half of it would yield two and a quarter crores of rupees. My contention is that if one-fourth per cent is determined as the sales tax it would easily fetch the Government two and a quarter crores of rupees on the calculations made by the South Indian Chamber of Commerce. The question naturally arises whether this amount of revenue would not do for the present Government, even having regard to the fact that they have to face gradual Prohibition in the districts, because for the present, as I have already submitted, in the beginning, the deficit is only seventeen lakhs. And, due to the taxation of tobacco, public entertainments, etc., Government have indeed a clean balance of a crore of rupees in hand, after meeting the defi-

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cit. In addition to that crore of rupees these two and a quarter crores of rupees from sales tax become a superfluity, if not a luxury. It is on that line that I would like to plead before the Hon. the Premier for the reduction of the proposed rate.

" Sir, we have been often hearing about the danger to industry consequent on the proposed measure. Whether the picture is overdrawn or exaggerated, the fact remains that industry remains to be affected. It would be affected for the simple reason that already in our country, as I have been repeatedly pointing out, capital fights shy of coming. It is very difficult to start any commercial concern for the simple reason that it is very difficult to secure the capital required. When this is the case, when capital fights shy in a country like ours, is it justifiable or fair to introduce a spirit of fear into the minds of the general public thwarting the efforts of people likely to come forward to start industries? What is happening to-day in spite of the efforts of the Hon. the Minister for Industries and Labour? We find the recurrence of labour troubles, strikes which are striking at the very root of the industrial development of the country. Sir, these strikes are thwarting to a very great extent the starting of industrial concerns. In addition to that, would this not be the proverbial straw on the camel's back to break all attempts for industrial development? On that ground also I plead with the Hon. the Premier to kindly take into consideration whether after all it would not be possible for him to make up his mind to reduce the rate of tax from half per cent to at least one-fourth per cent, if not one-eighth per cent.

" Sir, one other point and I am done, and that is, there is no need to lay any special emphasis on the question of the towns people getting scotfree and the rural population bearing all the burden of taxation. That sort of argument introduces a new principle of disaffection between the two sets of tax-payers. I would very much deprecate this argument. Both are inter-dependent. Without the urban population it is not possible for the rural population to thrive. If the rural population is engaged in primary production, the urban population is there to buy the produce and to place the necessary finance required for the purpose at the disposal of the rural population to keep the business going. It is therefore necessary, Sir, that one should help the other. There is no use of introducing this discrimination in support of the proposed measure. I hope that this discrimination would hereafter be dispensed with.

" With these words, Sir, I would very strongly support the amendment that has been moved by my hon. Friend, Mr. Hameed Khan, to reduce the rate from half per cent to one-fourth if not one-eighth per cent."

The House then adjourned to meet again at 3 p.m. the next day.

APPENDIX I.

[Vide answer to starred question No. 1329 asked by Sri L. Sattanatha Karalayar at the meeting of the Legislative Assembly held on the 11th May 1939, page 694 supra.]

List showing the communities notified under the Criminal Tribes Act in the Tinnevelly district.

1. Koravars in certain villages in the Koilpatti taluk.

2. Uppu Koravars in certain villages of Tiruchendur and Srivaikuntam taluks.

3. Pillaiarnatham mixed gang in the Sankarankoil and Koilpatti taluks.

4. Maravars as a community in certain villages in the Nanguneri, Tiruchendur and Tinnevelly taluks.

5. Certain individuals of the Marava community in certain other villages in the Tiruchendur, Nanguneri, Sankarankoil, Ambasamudram, Tenkasi, Koilpatti, Srivaikuntam and Tinnevelly taluks.

APPENDIX II.

[Vide answer to starred question No. 1337 asked by Sri K. V. R. Swami at the meeting of the Legislative Assembly held on the 11th May 1939, page 698 supra.]

Statement giving information collected by the Special Officer for Survey of Cottage Industries in 1927 and 1928 regarding the place of maufacture of bangles in the Madras Province and quantity produced.

District.	Exact locality.	Quantity produced.
	Glass Bangle Manufacture.	
Vizagapatam ..	Paidipala and Gompa villages.	18,000 thick and 30,000 thin bangles in a month (Rs. 5,000 worth of bangles annually).
West Godavari ..	Chikkala	(9,600 bangles in one day. Rs. 2,000 worth of bangles annually.)
Kurnool	Dhone	10,000 to 12,000 bangles per day out of two Bengal maunds of glass. About 400 to 500 Bengal maunds of glass are consumed in a year, i.e., they have work for 200 to 250 days.
Bellary	Muchigeri	2,400 bangles a day.
Chittoor	Maddiledu	36,000 bangles a day worth Rs. 5,000 to Rs. 6,000 a year.
	Lac Bangles.	
Trichinopoly ..	Trichinopoly town and Woriyur.	Rs. 4,000 worth of bangles annually.
Nellore	Nellore town and Udayagiri.	1,250 pairs of bangles per month per worker and there are 21 families in the two places.

APPENDIX III.

[Vide answer to starred question No. 1347 asked by Sri D. Narayana Raju at the meeting of the Legislative Assembly held on the 11th May 1939, page 702 supra.]

Description of articles.	Quantity.	Value. RS.	A.	P.	Customs duty, freight and other expenses. RS.	A.	P.	Total value. RS.	A.	P.
1934–35.										
Herbarium mill boards	No. 120	30	0	0	9	4	10	39	4	10
White boards, royal, 6 sheets	Doz. 1000	722	3	7	223	14	3	946	1	10
Coloured boards, royal, "Extra Superfine"	No. 1440	87	10	8	27	2	10	114	13	6
White boards, royal, 8 sheets	Doz. 20	19	7	1	6	0	5	25	7	6
Lion brand paste boards	„ 1000	558	10	8	173	2	2	731	12	10
White pulp boards	No. 480	71	3	6	22	1	6	93	5	0
Oil board for Record office	„ 288	31	10	8	9	13	1	41	7	9
	Total for 1934–35	1,520	14	2	471	7	1	1,992	5	3
1935–36.										
Europe cardboard white, royal, 8 sheets	Doz. 36	35	0	0	10	13	7	45	13	7
Lion brand, paste boards	„ 1,200	612	0	0	205	13	6	867	13	6
Oil boards for Record office	No. 90	11	0	0	3	6	7	14	6	7
	Total for 1935–36	658	0	0	220	1	8	928	1	8
1936–37.										
Europe cardboards, 8 sheets, thick, royal	Doz. 64	44	7	1	13	2	6	57	9	7
Lion brand paste boards	„ 1,200	444	7	1	137	12	5	582	3	6
	Total for 1936–37	488	14	2	150	14	11	639	13	1

1937–38.										
Coloured boards, royal, extra super-fine light green	No. 100 ..	13	13	4	4	4	7	18	1	11
Herbarium mill boards	„ 50 ..	15	0	0	4	10	5	19	10	5
Europe cardboard, royal, 6 sheets	Doz. 200 ..	186	1	9	57	11	1	243	12	10
Europe cardboards, 8 sheets	„ 60 ..	66	13	4	20	11	6	87	8	10
Lion brand, paste boards	„ 1,000.	702	4	5	217	11	3	919	15	1
Pulp boards, white	No. 400 ..	62	8	10	19	6	3	81	15	1
Oil boards for Record office	„ 400 ..	46	10	8	14	7	6	61	2	2
Total for 1937–38 ..		1,093	4	4	338	14	7	1,432	2	4
1938–39.										
White boards, royal. 8 sheets, thick	Doz. 900 ..	788	0	0	244	4	6	1,032	4	6
Herbarium mill boards	No. 150 ..	40	0	0	12	6	5	52	6	5
Pulp boards	„ 300 ..	52	0	0	16	1	11	68	1	11
Europe cardboard, 8 sheets	Doz. 30 ..	33	5	4	10	5	4	43	10	8
Lion brand paste boards	„ 1,000 ..	635	5	4	197	12	5	832	13	10
Oiled boards for Record office 112 lb.	No. 250 ..	31	10	8	9	13	1	41	7	9
Coloured boards, extra superfine, royal, blue, yellow, etc.	Doz. 6,415 ..	513	1	9	159	1	0	672	2	9
Total for 1938–39 ..		2,093	7	1	649	12	8	2,752	15	10

APPENDIX IV.

[*Vide* answer to starred question No. 1351 asked by Sri K. V. R. *Swami* at the meeting of the Legislative Assembly held on the 11th May 1939, page 705 supra.]

Letter from the Secretary to the Government of Madras, Education and Public Health Department, to the Secretary to the Government of India, Department of Education, Health *and Lands, dated the 21st March 1938, No. Ms. 697.*

[Report—Vocational Education in India—Messrs. Abbot and Wood. *Reference.*—Correspondence ending with my letter No. 3352-C-9, Education, dated the 20th January 1938.]

I am directed to forward the views of the Madras Government on the recommendations in the "Report on Vocational Education in India" by Messrs. Abbot and Wood.

Part I—Chapter VII—Summary of suggestions—Paragraphs 98 (a) *to* (f), (h) *and* (i) *and* (k) *to* (n)—*Pages* 33 *and* 34 *of the report.*—The Madras Government generally accept these suggestions which are being given effect to in this Province as far as possible.

98 (*j*)—*Page* 33 *of the report.*—Till recently, in the admission of students to training institutions in this Province preference was given to those who had teaching experience. The rules have now been modified and under the revised rules the training school course may follow, without any gap, the general education course. This Government consider that a two years' course of training is sufficient for teachers.

Part II—Chapter I—Paragraph 3—Page 110 *of the report.*—A survey of the educational needs of the industries of this Province was carried out some years ago. Another survey is not considered necessary now.

Chapter II—Paragraph 7—Page 111 *of the report.*—This Government agree with the Director of Public Instruction, Madras, that bifurcated courses of study as outlined in their Press Communiqué, dated 26th June 1937, may at the option of the management be provided in the same school or in separate schools.

Chapter III—Paragraphs 10 *to* 20—*Pages* 111–112 *of the report.*—The recommendations in this chapter are generally acceptable.

Chapter V—Paragraph 32—Page 114 of the report.—Industrial education in this Province is controlled by the Director of Industries and the Madras Government do not consider that any change in this arrangement is called for, nor do they see any reason why aided agencies should not be made use of for the establishment of institutions providing vocational education.

Chapter X—Paragraphs 54–57—Pages 117–118 of the report.—The arrangements suggested in this chapter have already been adopted in this Province.

2. The Madras Government have no remarks to offer on the other recommendations in the report.

APPENDIX V.

[Vide answer to starred question No. 1354 asked by Mir Akram Ali Sahib Bahadur at the meeting of the Legislative Assembly held on the 11th May 1939, page 706 supra.]

Proceedings of the Director of Public Instruction, Dis. No. 657/39, dated 4th February 1939.

READ—Government Memorandum No. 53176-C/38-1, dated 16th January 1939—Grant of holidays to Muslims in Non-Muslim Schools and grant of extra holidays—Government orders communicated. *Reference.*—Letter from the President, District Board, Bezwada, dated 2nd August 1938, No. 2152/38.

A copy of the remarks of the Director of Public Instruction contained in his letter No. 2296-E/38, dated 4th December 1938, with which the Government agree, is communicated to the President, District Board, Kistna.

Copy communicated to the undermentioned officers for information together with a copy of the letters of the Director and the President, District Board, Bezwada, referred to therein.

To all Divisional Inspectors of Schools, except Guntur division.
„ the Inspectresses of Girls' Schools.

Letter from the Director of Public Instruction, Madras, to the Secretary to Government, Education and Public Health Department, dated 4th December 1938, R.C. No. 2296-E/38.

In submitting herewith the original letter A.R.C. No. 2152/38, dated 2nd August 1938, from the President, District Board, Bezwada, I have the honour to state as follows.

2. Under rule 77 (ii), Madras Educational Rules, thirty miscellaneous holidays, exclusive of intervening Saturdays and Sundays,

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if any, can be granted to Secondary schools for the purpose mentioned in the rule. In regard to Muslim boys reading in non-Muslim schools, I consider that it is very undesirable to grant them sectional holidays and thus make them lose their lessons as well as attendance. I am therefore of opinion that it will be sufficient if four holidays in a year (one day each for Ramzan, Bakrid, Mubarram and Shabe-barat) are set apart for the benefit of such pupils. These four holidays can be given either by utilizing some of the holidays (Miscellaneous) which are not actually made use of on account of some of these holidays falling on a Saturday or Sunday or by making slight adjustments in the miscellaneous holidays to suit local conditions in consultation with the District Educational Officer concerned.

3. Extra holidays referred to in paragraph 4 of the letter of the President, may be granted with the previous approval of the District Educational Officer subject to the condition that the school works for not less than 180 full working days in a year. Such extra holidays should however be granted only very sparingly.

Letter from the President-Delegate, District Board, Bezwada, to the Secretary to the Government of Madras, Education and Public Health Department, A.R.C. No. 2152/38, dated 2nd August 1938, regarding list of holidays—Instructions requested.

I have the honour to request that the Government may be pleased to kindly enlighten me on the following in connexion with the preparation of a list of miscellaneous holidays, for the secondary schools under this Board.

2. In rule 77 (i) of the Madras Education Rules, Sundays and Saturdays are declared as holidays. Besides, thirty miscellaneous holidays are fixed for Hindu schools in rule 77 (ii) of Madras Education Rules. In this connexion, I am of opinion that the schools may be closed for thirty working days in a year on account of miscellaneous holidays in addition to Saturdays and Sundays and that these holidays may be so fixed as not to include Saturdays and Sundays in the total number, if they happen to intervene and that if any of the festivals fixed in Madras Education Rules happen to fall on Saturdays and Sundays, the days fixed for such festival may be utilized for other local festivals which are not to be included in the list of the thirty approved holidays. It is also clear from Government Memorandum No. 31319-A. A., L. & M., dated 22nd October 1926, that general holidays declared under rule 77 (i) of Madras Education Rules are not miscellaneous holidays and as such the inclusion of general holidays within the number of miscellaneous holidays is in violation of rule 77 (i). Therefore, the holidays under rule 77 (i) ought to be in addition to holidays under rule 77 (ii) but are in any way within the number of thirty holidays under rule 77 (ii). Please enlighten me in the matter.

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3. Muhammadan pupils are also reading in Hindu schools where there are no separate schools for Muhammadans. I request you to enlighten me if in the case of such Muhammadan pupils, sectional holidays have to be granted apart from those thirty miscellaneous holidays fixed up for Hindus. If this is adopted, the Muhammadan pupils will have to lose their attendance during these sectional holidays. In consideration of this, I request you to instruct me as to which procedure I have to adopt in the case of these Muhammadan pupils. I think that only important sectional holidays may be allowed instead of all thirty holidays intended for Muhammadan schools. If this is agreed to I have to request that the Government may be pleased to specify the festivals for which such holidays are to be granted.

4. The number of discretionary holidays that are to be allowed to the Headmasters if any in addition to holidays under rule 77 (i) and (ii) may also be clearly specified.

APPENDIX VI.

[Vide answer to starred question No. 1358 asked by H. S. Hussain Sahib Bahadur at the meeting of the Legislative Assembly held on 11th May 1939, page 708 supra.]

Statement showing the names of the Police officers in the Madras City Police who have been retained in the same division for over three years and the reasons for their retention.

Name.	Designation.	Division in which employed.	Period of employment in the Division.	Reasons for retention.
Mr. F. S. Austin.	Sergeant.	Harbour Division.	The whole of his service of over thirty years.	He has put in the whole of his service in the Harbour Division. He proposes to retire at the end of this year.
" E. J. S. Baldrey.	Do.	Do.	Since April 1933.	He is due to retire on superannuation pension from 16th September 1939. He has therefore been permitted to remain where he is.
" J. N. Burgoyne.	Do.	Do.	Since October 1929.	He is considered suitable on grounds of physical fitness only for the Harbour Division.
" B. G. Creak.	Do.	Do.	Since 1930.	He was transferred to the Traffic department for four months from 17th December 1938, but on grounds of health was retransferred to the Harbour division on 5th April 1939 from which date he is on medical leave.

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APPENDIX VII.

[Vide answer to starred question No. 1322 asked by Sri K. Venkatappayya at the meeting of the Legislative Assembly held on the 11th May 1939, page 721 supra.]

Clause (*a*).—The attention of the hon. Member is invited to clause (ii) of sub-rule (*b*) of rule 3 of the General Rules for Provincial Services and clause (ii) of sub-rule (*b*) of rule 3 of the General Rules for Subordinate Services, copies of which are appended. Selection is made on the basis of the competitive examination for the following services:—

(1) Madras Medical Service—Assistant Surgeons.

(2) Madras Ministerial Service.

(3) Madras Judicial Subordinate Service.

(4) Madras Secretariat Service.

Recruitment to (1) above is however held in abeyance at present. Assistant Engineers in the Madras Engineering Service are selected on the basis of a competitive examination and interview. Selection for the other services is made after interviewing the candidates.

* * * *

Clause (*d*).—The marks prescribed in respect of selection for the Madras Engineering Service (Assistant Engineers) are as follows:—

Subject.		Maximum number of marks.
I Viva voce		200
II Written examination—		
(1) English composition		100
(2) General knowledge		100
(3) Engineering—		
(*a*) Compulsory—		400
(i) Applied Mathematics	100	
(ii) Applied Mechanics (including strength of materials and Theory of Structures)	100	
(*b*) Optional— Not more than two of the following subjects—		
(i) Prime movers	100	
(ii) Hydraulics and Hydraulic Machines	100	
(iii) Construction— (1) Building materials .. (2) Design of structures .. (3) General principles governing the design of railways, roads, canals, harbours and other works	100	
(iv) Sanitary Engineering and water-supply	100	

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The marks prescribed for the Madras Ministerial Service and the Madras Judicial Subordinate Service are as follows :—

Subject.	Maximum number of marks.
(1) English composition	150
(2) Language	100
(3) Precis writing	100
(4) General knowledge	100

Credit is given to candidates up to a maximum of 75 marks for proficiency in Shorthand and Typewriting or up to a maximum of 40 marks for proficiency in Typewriting alone acquired in the S.S.L.C. course or otherwise. No marks have been fixed for interview.

The Government have no information as regards the marks prescribed in respect of the selection for the Madras Secretariat Service.

Rule 3 (b) (ii) of the General Rules for Provincial Services.—Every candidate for appointment to any service who in response to a notification issued by the Commission makes an application shall remit a fee of fifteen rupees and, in case he is required to undergo a competitive examination, an additional fee of ten rupees, into a Government treasury or into the Reserve Bank of India, Madras, or its Agency, to the credit of the Government under the head "XXVI. Miscellaneous Departments—Examination fees—Fees for examinations—Madras Public Service Commission" and shall send the treasury or bank receipt therefor to the Commission with his application.

Rule 3 (b) (ii) of the General Rules for Subordinate Services.—Every candidate for appointment to any service who in response to a notification issued by the Commission makes an application shall remit a fee of rupees ten, into a Government treasury or into the Reserve Bank of India, Madras, or its agency to the credit of the Government under the head "XXVI. Miscellaneous Departments—Examination Fees—Fees for examinations—Madras Public Service Commission," and shall send the treasury or bank receipt therefor to the Commission with his application.

APPENDIX VIII.

[Vide answer to unstarred question No. 407 asked by Sri K. Varadachari at the meeting of the Legislative Assembly held on 11th May 1939, page 724 supra.]

Statement showing the sanctioned strength of Sub-Inspectors in each district, the number of Sub-Inspectors recruited direct and the number promoted from the rank of head constable.

Districts.	Sanctioned number of Sub-Inspectors.		Number of Sub-Inspectors recruited direct.		Number of Sub-Inspectors promoted from the rank of head constables.		Number of promoted Sub-Inspectors who do not possess the prescribed minimum general educational qualifications.	
	Permanent.	Temporary.	Permanent.	Temporary.	Permanent.	Temporary.	Permanent.	Temporary.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Vizagapatam ..	71	2	63	2	8	..	7	..
East Godavari ..	60	1	56	1	4	..	2	..
West Godavari ..	29	..	27	..	2	..	2	..
Kistna	41	..	36	..	5	..	3	..
Guntur	56	1	51	..	5	1	5	1
Nellore	63	..	54	..	9	..	9	..
Kurnool	57	..	49	..	8	..	6	..
Bellary	48	..	45	..	3	..	3	.
Anantapur	55	..	48	..	7	..	7	..
Cuddapah	49	9	44	7	5	2	5	2
Chittoor	51	9	44	9	7	..	7	..
Chingleput	55	..	48	..	7	..	7	..
North Arcot ..	57	..	46	..	11	..	11	..
South Arcot	52	..	47	..	5	..	5	..
Tanjore	68	1	55	1	13	..	12	..
Madura, North ..	46	1	37	..	9	1	7	1
Madura, South ..	23	2	20	2	3	..	2	..
Ramnad	54	1	41	1	13	..	7	..
Tinnevelly	61	..	51	..	10	..	9	..
Trichinopoly ..	60	..	52	..	8	..	6	..
Salem	67	13	61	13	6	..	6	..
Coimbatore	64	..	58	..	6	..	5	..
The Nilgiris	16	..	13	..	3	..	3	..
Malabar	76	6	61	5	15	1	13	1
South Kanara ..	30	..	27	..	3	..	3	..
Police Training School, Vellore.	1	..	1	..	..	..	..	..
Central Recruits' School, Vellore.	..	9	..	9	..	..	..	..
Central Recruits' School, Coimbatore.	..	8	..	6	..	2	..	2
Central Recruits' School, Anantapur.	..	8	..	8	..	..	..	..
Deputy Inspector-General of Police, Railways and C.I.D., Madras.	24	1	21	1	3	..	1	..

THE MADRAS LEGISLATIVE ASSEMBLY.

Friday, 12th May, 1939.

The House met in the Assembly Building, Chepauk, at three of the clock, Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

* 1368 *Q.*[a]—

THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, the first question stands in my name. The Member concerned has just come, I am sorry to say, as I was about to say he is absent. I want to tell him that there are very good reasons why it should be put to-morrow instead of to-day."

MR. SPEAKER:—"Yes."

(The question was postponed.)

Andhras holding executive posts in the Jail department.

* 1369 *Q.*—MIR AKRAM ALI SAHIB BAHADUR: Will the Hon. the Minister for Law be pleased to state the number of Andhras in the executive posts in the Jail department in the Province of Madras?

THE HON. SRI T. PRAKASAM on behalf of the Hon. Dr. P. Subbarayan:—"There are 190 Andhras holding executive posts in the Jail department."

MIR AKRAM ALI SAHIB BAHADUR:—"May I know, Sir, how many of them are employed as jailors and how many as deputy jailors?" (Laughter.)

THE HON. SRI T. PRAKASAM:—"Notice, Sir."

Results of the investigations of the Nutritional Research Laboratory at Coonoor in regard to South Indian diet.

*** 1370 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Public Health be pleased to state—**

(*a*) the results of the investigations carried out by the Nutritional Reseach Laboratory at Coonoor regarding the South Indian diet;

(*b*) what steps the Government have taken to popularise them; and

(*c*) whether the results have been utilized in the dietary of the hospitals and hostels in the Province?

[a] Vide question No. 1377 answered on 13th May 1939.

THE HON. DR. T. S. S. RAJAN :—" (a) The results have been published by the Government of India in their Health *Bulletin No. 23 which is available to the public.*

" (b) This Government propose to publish translations of a summary of the important points in the Bulletin, in Tamil and Telugu.

" (c) Hand-pounded rice has been ordered to be provided in a number of hospitals. Further detailed information is not availahle."

SRI P. R. K. SARMA :—" May I know what steps the Government are taking to apply the results of the Nutritional Research Institute, Coonoor, in the matter of fixation of suitable wages for workers in this Province? "

THE HON. DR. T. S. S. RAJAN :—" Sir, that does not arise out of this question."

SRI V. M. RAMASWAMI MUDALIYAR :—" May I ask the Government, Sir, whether there is a Professor of Bio-Chemistry in the Madras Medical College, and if so, whether his activities are co-ordinated with the activities of the Nutritional Research Laboratory at Coonoor? "

THE HON. DR. T. S. S. RAJAN :—" I do not understand the relation between the work of the Professor of Bio-Chemistry and the Nutritional Research Laboratory at Coonoor."

MR. SPEAKER :—" The question is whether there is such a relationship between the two." (Laughter.)

THE HON. DR. T. S. S. RAJAN :—" As far as I can see, I don't see any relationship between Bio-Chemistry and the Nutritional Research; they are two different subjects, and I do not think their work can be correlated."

SRI V. M. RAMASWAMI MUDALIYAR :—" Am I right in presuming that the science of Bio-Chemistry and the science of Nutrition have very much to do with dietetics? "

THE HON. DR. T. S. S. RAJAN :—" I am afraid my hon. Friend is labouring under a delusion; because they are different subjects. There may be some relationship; but it does not mean that one leads naturally to the other."

Campaign against hook-worm.

* 1371 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Public Health be pleased to state—

(a) whether hook-worm survey has been carried out in Ramnad district;

(b) if so, its results;

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(*c*) whether treatment for hook-worm was given;

(*d*) if so, how many were given treatment and whether the number is adequate;

(*e*) whether municipalities are required to examine for hook-worm the pupils of their schools and give treatment, if necessary; and

(*f*) how many municipalities have done so in 1938–39?

THE HON. DR. T. S. S. RAJAN :—" The Government have not got the information asked for."

Memorandum of the graduates of the Madras Ayurvedic College.

* 1372 *Q.*—H. S. HUSSAIN SAHIB BAHADUR: Will the Hon. the Minister for Public Health be pleased to state—

(*a*) whether any memorandum has been submitted to the Government by the graduates of the Madras Ayurvedic College in pursuance of the resolutions passed by their Conference held at Gudivada in January 1939; and

(*b*) whether the Hon. the Minister has considered the points raised in the said memorandum; and if so, with what results?

THE HON. DR. T. S. S. RAJAN :—" (*a*) The answer is in the affirmative.

" (*b*) The request in the memorandum that graduates of the Madras Ayurvedic College may be registered in 'A' class was previously made and refused. It is not proposed to reconsider it now. With regard to the election of members to the Central Board of Indian Medicine, necessary rules have been framed and as soon as the electoral roll is prepared further steps for the reconsideration of the Board will be taken. The only other question under consideration at present is the one relating to the raising of the status of the school to that of a college."

BASHEER AHMED SAYEED SAHIB BAHADUR :—" Sir, may I ask Government whether the fact that the request of the memorialists cannot be reconsidered has been communicated to the memorialists? "

THE HON. DR. T. S. S. RAJAN :—" Very probably it has been done so; if not, it will be done in due course."

Extension of the scheme of intensive agricultural propaganda to all districts.

* 1373 *Q.*—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Minister for Agriculture and Rural Development be pleased to state—

(*a*) what the conclusions of the Government are in regard to the results of the scheme of intensive agricultural propaganda

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worked out in the Vizagapatam district during the last three years;

(*b*) whether the results are in proportion to the cost of the scheme; and

(*c*) whether the Government will consider the desirability of extending the scheme to other districts, at least to one southern district this year?

THE HON. SRI V. I. MUNISWAMI PILLAI:—" (*a*) & (*b*) A scheme for intensive propaganda in nine taluks, viz., Golugonda, Sarvasiddhi, Veeravilli, Anakapalle, Srungavarapukota, Vizianagram, Bobbili, Parvatipur and Palakonda of the Vizagapatam district was sanctioned as an experiment for a period of five years in the first instance and it commenced on the 1st May 1935. A statement [a] showing the progress of work from 1935–36 up to 1937–38 is placed on the table. The results for 1938–39 are not yet available. The progress made depends not only on propaganda but also on seasonal conditions, and on the whole it may be considered satisfactory, though not spectacular. The scheme has served a useful purpose in bringing the cultivators into intimate touch with the Agricultural Department and in laying the foundation for closer co-operation between the cultivators and the Agricultural Department.

" The average additional grant sanctioned for the scheme is Rs. 19,824 per year. The annual gain to the cultivators may be calculated at the following rates per acre of each kind of improvement:—

	Per acre.
(*i*) Improved strains of paddy at	5
(*ii*) Economic planting	3
(*iii*) Green manuring	3
(*iv*) Cultivation of improved varieties of sugarcane	30
(*v*) Improved furnaces (fuel-saving, etc.) ...	10
(*vi*) Trench and line planting	30
(*vii*) Cultivation of improved strains of ragi ...	4½

(*c*) A similar scheme for intensive seed distribution in one taluk of each of the districts of South Kanara, Malabar, the Nilgiris, Coimbatore, Salem and North Arcot is under the consideration of the Government."

[a] Printed as Appendix on page 842 infra.

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Tenure of office of the staff of the Kerala Soap Institute, Calicut.

* 1374 *Q.*—Dr. A. CHANDOO: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) how many members of the staff of the Kerala Soap Institute are permanent;

(*b*) whether it is the intention of the Government to make the other staff permanent; if so, when;

(*c*) whether it is the intention of the Government to make the Kerala Soap Institute permanent; if not, how the Government are going to give effect to their order regarding the Kerala Soap Institute that the staff thereof shall be made permanent when permanent vacancies occur in the Institute;

(*d*) whether the staff has been informed at the time of their appointment that their service will be kept on a temporary basis indefinitely without the advantages of permanent service;

(*e*) whether the work of the staff in the Kerala Soap Institute is the same as that of the other Government departments; if not, what the difference is;

(*f*) whether all the rules governing the permanent staff of Government departments are binding on the staff of the Kerala Soap Institute and whether they are also subject to the Government Servants' Conduct Rules; and

(*g*) whether there are any, and if so, how many, institutions like the Kerala Soap Institute within the Presidency, which impart knowledge of soap-making and allied industries to non-graduate apprentices?

Sri B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (*a*) The Superintendent of the Institute alone is permanent.

" (*b*) & (*c*) These questions are under the consideration of Government.

" (*d*) No prospects of permanent service were held out to the staff when they were originally recruited on a temporary basis.

" (*e*) The Kerala Soap Institute being a commercial concern, the work of the staff of the Institute cannot be compared strictly to that of other Government departments.

" (*f*) The general rules for the subordinate services and the special rules for the Ministerial and Industries Subordinate Services apply to the temporary staff as they are treated as temporary additions to the respective cadres of the services. The Government Servants' Conduct Rules also apply to them.

"(*g*) The Kerala Soap Institute is the only Institute of its kind in this Province where theoretical instruction and practical training in soap-making and allied industries on a commercial scale are imparted to apprentices."

SRI E. KANNAN:—"May I know, Sir, whether it is the intention of the Government to make the Kerala Soap Institute permanent, or hand it over to some private agency?"

SRI B. S. MURTI:—"I submitted in my answer to clauses (*b*) and (*c*) that the question is being considered."

SRI P. R. K. SARMA:—"May I know why the staff is treated as temporary?"

SRI B. S. MURTI:—"I have answered this also in my answer. I said, 'They are treated as temporary additions to the respective cadres of the services'."

SRI V. VENKATASUBBAYYA:—"Is it working at a profit or loss?"

SRI B. S. MURTI:—"At a profit."

SRI S. NAGAPPA:—"May I know how long the question is expected to be under consideration?" (Laughter.)

SRI B. S. MURTI:—"The question will be under consideration until the industry as a whole is made permanent."

Diploma of the Government Textile Institute, Madras, for the Supervisors' course in spinning, etc.

* 1375 *Q.*—SRI P. R. K. SARMA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether there is any difference in merit between the diplomas granted by the Victoria Jubilee Technical Institute, Bombay, and the certificates of the Government Textile Institute, Madras, for the Supervisors' course for spinning, weaving, dyeing and finishing;

(*b*) whether the certificates of the Government Textile Institute, Madras, are recognized by the textile mills in this and other Provinces;

(*c*) whether the Government of Madras recognize the certificates for appointments under them in jails and other institutions;

(*d*) whether the Government are aware that the diploma holders of the Victoria Jubilee Technical Institute, Bombay, are shown preference and if so, what the reasons for such discrimination are; and

(*e*) whether the Government will take steps to remove the discrimination?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" (*a*) & (*d*) Yes. The diploma awarded by the Victoria Jubilee Technical Institute, Bombay, is of a higher standard.

" (*b*) & (*c*) The Government Textile Institute was originally started for providing instruction in handloom weaving. It was only recently that a separate power spinning and weaving course has been introduced. Passed candidates of the Institute are employed in textile mills in this and other provinces. Except to some of the higher posts in the mills attached to jails which are filled by passed candidates of the Victoria Jubilee Technical Institute, Bombay, passed candidates of the Government Textile Institute, Madras, are employed in the mills attached to jails, Reformatory schools, Borstal institutions, etc.

" (*e*) The Government have already considered the question very carefully. The status of the Government Textile Institute, Madras, can be raised only gradually as funds permit."

SRI P. R. K. SARMA:—" May I know whether the Government have any definite proposals for improving the status of the Government Textile Institute? "

SRI B. S. MURTI:—" Government are desirous of improving the status of the Textile Institute as soon as funds permit."

Scheme for developing cottage industries.

* 1376 *Q.*—SRI K. V. R. SWAMI: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether the Government have completed the consideration of the scheme for developing cottage industries; and

(*b*) if so, with what result (reference: starred question No. 169 answered on 29th January 1939)?

SRI B. S. MURTI (Parliamentary Secretary) on behalf of the Hon. Sri V. V. Giri:—" The answer is very long, Sir."

MR. SPEAKER:—" Yes, you may read it."

SRI B. S. MURTI:—" (*a*) & (*b*) The Government have passed orders on certain proposals relating to the encouragement and development of the following cottage and small scale industries:—

(1) Manufacture of handmade paper.

(2) Paddy husking.

(3). Oil-pressing industry.

(4) Coir retting.

(5) Manufacture of date palm jaggery.

(6) Refining of coconut jaggery into sugar.

(7) Casting and metal working.

(8) Hand-spinning and weaving in wool.

(9) Hand-spinning and weaving in silk.

(10) Manufacture of hide pickers.

(11) Apiary.

(12) Gold thread manufacture.

(13) Manufacture of brass sign boards, brass electric fittings, etc.

(14) Tin printing.

(15) Manufacture of glace kids.

(16) Malt industry.

(17) Manufacture of flower essences and perfumery.

(18) Manufacture of sand paper.

(19) Rice hulling by the use of improved hand pounders.

For want of funds the Government have for the present deferred the following proposals:

(1) Introduction of Casting and Metal working class in the Madura and Bellary Industrial Schools.

(2) Constitution of a peripatetic tanning demonstration party.

(3) Opening of training centres in handmade paper manufacture and oil pressing.

(4) Constitution of a coir demonstration party for North Malabar or South Kanara.

Collectors of districts have been instructed to study and report ways and means for the development of the existing cottage industries in their districts and for the introduction of the new industries for which facilities exist. As regards the marketing of the products of the cottage and small scale industries, Collectors have been instructed to examine the feasibility of establishing commercial museums in their districts and local bodies have been asked to extend their fullest co-operation in the matter. Museums have so far been opened in four districts, viz., West Godavari (Ellore), Guntur, Cuddapah and South Kanara. Foundation stones for the museum buildings have been laid in Tinnevelly, North Arcot and East Godavari.

Steps are also being taken to open museums in other districts. The Government have recently approved a scheme drawn up by the Director of Industries and Commerce for the establishment of a Central Commercial Museum at Madras and have placed the front portion of the Government Branch

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Press building in Mount Road, Madras, at the disposal of the management for the location of the museum. Products of cottage and small scale industries will be displayed in it free of charge."

SRI K. V. R. SWAMI:—" May I know what is the amount of the funds required? "

SRI B. S. MURTI:—" For what, Sir? "

SRI K. V. R. SWAMI:—" In answering, the Parliamentary Secretary stated certain items of cottage industries, the schemes for which could not be carried out for want of funds. What is the amount required for carrying out the schemes for those cottage industries? "

SRI B. S. MURTI:—" Notice, Sir."

SRI K. V. R. SWAMI:—" Have the Government no idea about it? "

SRI B. S. MURTI:—" We have the idea and therefore we have taken up the matter."

SRI V. VENKATASUBBAYYA:—" Do the Government intend to open any industrial schools in the near future? "

SRI B. S. MURTI:—" The Government are already having industrial schools. If necessity arises, the Government will consider the question."

SRI V. VENKATASUBBAYYA:—" Have the Government any doubt about the necessity? "

SRI B. S. MURTI:—" I think the present schools, if fully availed of, would serve the purpose."

SRI K. V. R. SWAMI:—" May I know, with regard to the first list, whether these cottage industries are taught anywhere in this Province? "

SRI B. S. MURTI:—" All over the Presidency, wherever facilities are available these industries are being taught."

SRI K. VENKATAPPAYYA:—" May I know if any cottage industry has been undertaken by the Government? "

SRI B. S. MURTI:—" Not at present."

SRI K. VENKATAPPAYYA:—" How long will it take, Sir."

SRI B. S. MURTI:—" Not more than the time required."

SRI D. V. RAMASWAMI:—" May I ask, Sir, whether the Government have given State-aid to an applicant from Vizagapatam with regard to cottage industries? "

SRI B. S. MURTI:—" I do not think that question arises out of this."

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UNSTARRED QUESTIONS.

Scholarships in the Government Textile Institute, Madras.

414 *Q.*—SRI P. R. K. SARMA: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) how many scholarships are available for the students of the Government Textile Institute, Madras; what their values are and who the present recipients of those scholarships are;

(*b*) for whom these scholarships are intended and on what basis they are awarded; and

(*c*) whether any complaints were received by the Hon. the Minister for Industries and Labour or the Principal of the Institute, regarding the disposal of the scholarships, this year?

A.—(*a*) Twenty-four scholarships of the value of Rs. 12 each per mensem are available for award to the students of the Government Textile Institute, Madras. The present recipients of these scholarships are:—

SUPERVISOR COURSE 12.

First year—Spinning and Weaving.

Name.	Caste.	District.
1 A. Rajagopalan ..	Weaver Padmasali ..	Madras.
2 R. John Jacob ..	Indian Christian	Chingleput.
3 E. Venkata Rao ..	Depressed class (Adi-Andhra).	East Godavari.
4 K. T. Mohamad Ghouse.	Muhammadan	Madras.
5 B. Krishnamurti ..	Brahman	Tanjore.

Second year—Spinning and Weaving.

6 M. Muniratnam ..	Sengundar Weaver ..	North Arcot.
7 M. K. Balasubrahmanyam.	Berichetti	Madras.
8 P. D. Venugopal ..	Ghanicas	Chingleput.
9 V. Venkataraman ..	Brahman	Trichinopoly.
10 C. Isaiah	Indian Christian	Tinnevelly.
11 V. S. Ganesan ..	Brahman	Tanjore.

Power dyeing and finishing.

12 K. Narasimhan ..	Brahman	Madura.

ARTISAN COURSE—12

Weaving.

1 S. Adiyapatham ..	Weaver Kaikola	South Arcot.
2 V. Vasudevan ..	Weaver Senguntha ..	North Arcot.
3 P. Suryaprakasa Rao ..	Brahman	East Godavari.
4 P. Gowthami ..	Weaver Padmasali ..	Kistna.
5 S. Joseph	Weaver Adi-Andhra ..	Nellore.
6 K. Appalaswami ..	Weaver Telaga ..	Kistna.
7 P. Ramakrishnayya ..	Weaver Adi-Andhra ..	East Godavari.
8 K. James	Weaver Indian Christian ..	Guntur.
9 P. B. Venugopal ..	Non-Brahman	Madras.
10 A. Chenchuramayya ..	Do.	Nellore.

Dyeing.

11 S. Balasubramaniyam.	Weaver Devanga	Guntur.
12 K. S. Gajendra Rao ..	Non-Brahman	Chingleput.

"(b) The scholarships are intended for those who will be able to make good use of their training as teachers in industrial schools or classes, or in other similar appointments, and who will exert good influence, after training, on the industry in general in their localities. The scholarships are awarded at the discretion of the Director of Industries and Commerce.

"(c) Certain complaints were addressed to the Government. No action was considered necessary on them. No complaints were received by the Principal."

Policy of Government in regard to municipalizing utility services and remunerative enterprises.

415 *Q.*—SRI V. BHUVARAHAN: Will the Hon. the Minister for Local Administration be pleased to state—

(a) whether the policy of the Government is to municipalize all utility services and remunerative enterprises; and

(b) if the answer is in the affirmative, whether the Government will be pleased to state the steps they have taken to implement the policy of municipalizing utility services and remunerative enterprises?

A.—(a) & (b) The Government have decided that local bodies should be preferred to private companies as licensees for distribution of electrical energy and for the generation of electrical energy also in areas which are not likely to be served by a central power station belonging to Government and in areas to which a Government service can only be extended some time in the future. Twenty-eight municipal councils have been granted licences under the Indian Electricity Act. No definite policy has yet been evolved for municipalizing other utility services and remunerative enterprises. Local bodies are given loans to open new markets and cart and bus stands or improve existing ones.

[*Note.*—**An asterisk (*) at the commencement of a speech indicates revision by the Member.**]

II.—MESSAGES FROM THE COUNCIL.

MR. SPEAKER:—"I have to announce to the House that I have received messages dated the 12th May 1939, from the Hon. the President, Madras Legislative Council, transmitting the following Bills passed by the Assembly, which have been agreed to by the Council without any amendment on the 12th May 1939 and signed by him:—

(1) The Madras Borstal Schools (Amendment) Bill, 1939 (L.A. Bill No. 12 of 1939);
(2) The Madras Maternity Benefit (Amendment) Bill, 1939 (L.A. Bill No. 13 of 1939); and
(3) The Tirumalai-Tirupati Devasthanams (Amendment) Bill, 1939 (L.A. Bill No. 14 of 1939)."

III.—THE MADRAS GENERAL SALES TAX BILL, 1939—*cont.*

MR. SPEAKER :—" The discussion upon the amendments to the Madras General Sales Tax Bill will be resumed."

Clause 3—cont.

* SRI G. KRISHNA RAO :—" Mr. Speaker, the amendment under consideration is a very important amendment affecting the central clause of this Bill. I have been watching the atmosphere of this House for the past two days and I think it is becoming tense and disconcerting. I thought it was perhaps due to the hot weather. It is not so, because I feel that the attitude taken by the Treasury Bench in the matter has had much to contribute to the occasion and this disconcerting atmosphere.

" Sir, I thought, the Government in dealing with such an important taxation measure will keep their mind open to any suggestions that might come from the Opposition; because I know the Hon. the Mover of this Bill has great regard for the Opposition and often has he expressed it in his speeches. In his recent utterance he has said : ' In spite of the large majority, I do not think the Government have done anything ignoring the Opposition, because their number is small. I do not think that in any other House in this country the Opposition gets the chance of being heard by the other side of the House so much as it has here.' I am sure, Sir, this utterance is not a mere formal expression of civility and I think the Premier means what he says. And what is the test of carrying the utterance into practice? We see that amendment after amendment which should be taken up by the House for its serious consideration is turned down. I think the Opposition has got every right to feel that it is not regarded as much as it ought to be regarded—at least it is not being shown the consideration the Hon. the Premier's remarks would lead one to expect. I am not complaining about this; but I think human nature being what it is, it needs a little co-operation in such matters; especially when the Opposition is not attacking the Bill on its principle, but only wants to make certain changes here and there, particularly with regard to the amount of rates and the percentage of taxation. I heard the Hon. the Premier say a few days ago that good sense must prevail. One of the European Members wanted a reduction in the tax in case of bad debts; the Premier said that there will be some sense if these people want to bring this thing by asking for a reduction in percentage of the taxation. I think I am right when I say that that good sense must prevail now when businessmen are coming forward with an amendment, when we are dealing with a new tax and the Government have accepted that they are not accustomed to it, when they do not know its implications, either the system or administration of it, and when they have no information to go upon. In these circumstances,

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there is nothing particularly wrong in the Premier showing greater consideration to the demand of the Opposition Members in reducing the incidence of this tax. As a matter of fact, I believe, the opinion outside is that this being a new tax and also a regressive tax, ought to be carried on by a policy of trial and error. The Government themselves have accepted that the taxation measure has to be carried on by a policy of trial and error. I do not think any one can surely say what this taxation will be like and I do not think that anybody can say that so much of revenue will come out of it. Everybody has a doubt about it; everybody feels that this has got to be experimented upon. I feel sure that the Hon. Minister can also realize the reasonableness of the Opposition Members wheu they rise up and say that this taxation measure, being an experiment, the Government should follow the policy of trial and error. This is only a trial. There may be many errors or difficulties and therefore, I say, the percentage of the tax should be started as low as possible. I think, Sir, I need not labour the point further.

"The fundamental object is to shift the burden from the rural population to the urban population, because it weighs disproportionately heavily upon the heads of the rural population whose purchasing power has become very low. That is to say, the Mover's idea is to put the greater part of the burden on the broadest backs of the urban people, as far as this taxation is concerned. But we ought to see that that object is achieved. That object might be achieved, I believe, by starting with as low a rate of taxation as possible, because the Hon. the Premier has said that if it were an indirect tax, it must be as low as possible and if it is not possible for the merchant to bear it, he will pass it on to the consumer. This idea, I say, he would be achieving more effectively by putting into practice, by accepting the $\frac{1}{4}$ per cent as the rate. It must be small, so that it might be easily absorbed as far as possible in the profits of the trader, when the chances to pass it on to the consumer cannot be as sure as it otherwise will be if it is $\frac{1}{2}$ per cent. It is not as if we are standing in the way of the Government trying to impose this taxation later on. The Hon. the Prime Minister said yesterday that if the percentage of the tax is lowered, it cannot yield adequate revenue. We have to see in this matter that all taxation measures are not considered as mere revenue-producing devices. We have got to see to the far-reaching effects of the tax, its reactions and its repercussions all round. We should see what will be the total gain or loss which will accrue to the whole community thereby; only after considering all these things should the success of a venture like this be determined.

"Considering that aspect of the question, Sir, I very much like to press upon this House that by putting the rate of $\frac{1}{4}$ per cent no great catastrophe will happen to the revenues of the Province. It is going to be an addition and not a subtraction at any rate. If

after an experiment it could be raised, the Government can come back with greater authority and greater definiteness and greater information to increase the tax. We would help them in all respects to increase it. I believe that yesterday the Hon. the Premier said that it won't be a wise policy for the Government to *come forward with another piece of legislation.* It looks as if the Congress Government are afraid of coming forward before this House with legislation to increase the tax. It reminds me of the pretty timidity of a damsel who merely pretended to be afraid, but was not actually afraid of anything at all. I do not think there is any Government more courageous and more manly than this, which could impress upon the people the necessity for bearing future taxes. Every one knows that Provincial Autonomy means taxation. Nobody can escape from the fact that Provincial Autonomy is being enjoyed by the Provinces and that they should undertake the responsibility of bearing new taxes; it is a corollary of Provincial Autonomy that we ought to bear more and more taxes. *In all seriousness I say that if this $\frac{1}{4}$ per cent is tried* and if the Government find that it is not passed on to the consumer and there is no hardship to the trader, they can come forward and say, 'We want another $\frac{1}{2}$ per cent to carry on the administration.' There is no harm in accepting the $\frac{1}{4}$ per cent. Then the public opinion will be behind them; the Press will be behind them; that is my plea.

"It is not possible for me to rise that intellectual acumen or to that high argumentative subtlety of the Premier. But with all the emphasis I can command I say that there are very good reasons and very strong arguments why the amendment should be accepted by this House. He said the other day that we should advance the most convincing arguments and give the strongest reason in support of our amendments to be accepted by this
0 House. *That has been a great discouragement to most of us.* But still we carry courage in both our hands and want to lay all the emphasis at our command in requesting the Hon. the Premier to give more consideration to this proposal and in requesting that $\frac{1}{4}$ per cent might be taken as a start, and that the Government might raise the tax if they find that there is justification for the same later on. Furthermore, Sir, this being a cumulative tax, it ought to be kept as low as possible. It is not as if we are going to tax the commodity at one stage. It is now a thread-bare argument, because every commodity passes several hands. There are commodities which pass ten hands; there are commodities which pass six hands. Since we are going to have *a cumulative tax it must be as low as possible, as indeed all good* taxes should be and should not be felt by those who have to bear it.

"Let us take the agriculturist. Here again we see that this Bill seems to put the tax on agricultural products. In Canada, Australia, France and other places where this tax is in vogue.

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agricultural products are not at all taxed. Here we see that agricultural products are taxed and that will cause a great hardship to the agriculturist, because he would be losing more in addition to the $12\frac{1}{2}$ per cent he is losing in his prices, owing to the higher ratio. He will have to lose his price further in the exported article and will have to buy the manufactured article for his use here at higher prices. Thus the producer is likely to be hit both ways if agricultural products are not included in the exempted category. I do not know what the idea of the Hon. the Premier is in not having included some of the primary articles of agricultural produce in the exempted category.

" I think, Sir, I have placed the view-points in favour of the $\frac{1}{4}$ per cent before this House. I particularly appeal to the Hon. the Premier that it is not in any spirit of opposition or in any spirit of criticism that we have placed this matter before him; because, we feel that it is better for the Government to go carefully and cautiously in this matter. Moreover even by accepting now $\frac{1}{4}$ per cent, the Government are not precluded from increasing the tax later on in the light of the experience gained by them in the working of the Act for one year or two years. I think it will be wiser if this tax is pitched at a lower scale, so that the people may have the satisfaction of having consented to pay the tax and at the same time pay it without much difficulty. As it is a new tax and as it is an experiment, nothing will be lost if it is made as low as possible, so that it may be a successful experiment and so that it may satisfy all parties concerned."

* THE HON. SRI T. PRAKASAM:—" Sir, appeals have been made by several members to the Prime Minister to agree to $\frac{1}{4}$ per cent instead of $\frac{1}{2}$ per cent; some contended that it should be $\frac{1}{8}$ per cent. Some hon. Members complained that it is not shown why so much amount is required by the Government, while saying at the same time that they did not know themselves what amount would be coming out of this taxation. Even in the course of these appeals it has been urged that ' there is no foundation for this taxation, no material is placed before us; no data is placed; it is not pointed out how much money will be coming out of these proposals.'

" Last time, Sir, when I addressed the House, I pointed out the condition of the trade so far as this Province is concerned. I gave the figures of 1937–38 with regard to exports as well as imports. I pointed out how there was an adverse balance of over 4 crores of rupees. These figures are as much available to the hon. Members of the Opposition as they are available to anyone of us; these are all figures that are available in the publications. No doubt, as I pointed out already, statistics or registers or books have not been maintained with regard to the details of the transactions that are covered by the Bill now. Making allowances for that as well as other matters incidental to the business, it is

still possible to make a rough estimate of the internal trade and more or less a correct estimate of external trade. If the internal trade estimate is known roughly and if the external trade amount is also known roughly, both combined give the total turnover.

" About the number of transactions, there would be some difficulty to ascertain it under the existing state of affairs. But even with regard to that if we take into account the very large concessions generously conceded by the Prime Minister and put in the body of the Act in the sections, calling them ' exemptions ' in one section, ' licence-fees ' in another section, ' half-rebate ' in another section and ' less than Rs. 10,000 transactions ' in clause 3 —if all these are taken into account—it would not be impossible for us to understand the average number of these transactions that are supposed to be effected in the future as soon as this Act comes into force. It must be conceded, Sir, that in some cases there would be more than two or three transactions, in some cases there will be one, and in some cases there will be two. Putting all together, taking the average, the number of transactions may be put at two.

" I put, according to the figures I have noted, internal trade about 80 crores of rupees and exports and imports Rs. 130 crores. When added, both come to about 200 crores of rupees. I put it roughly at 200 crores of rupees. Multiplying it by two, I put it at 400 crores of rupees. Out of these 400 crores, we have to give deduction for all the exemptions granted by the Prime Minister on behalf of the Government. In the case of cotton yarn and hand-woven cloth, I have arrived at a figure of Rs. 31½ crores. Twice that amount is Rs. 63 crores. This is exempted. The hon. the Leader of the Opposition laughs when I say this must be taken into account and deducted from the total of the turnover I had given. Out of 400 crores, 63 crores . . ."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD :— " Sir, I wish to assure the Hon. the Revenue Minister that I did not laugh. When he referred to the exemptions that the Hon. the Premier has made in a manner which I understood as too generous, I only exclaimed to say that the public are still feeling that they expect some more exemptions."

* THE HON. SRI T. PRAKASAM :—" I hope the hon. the Leader of the Opposition and those who think with him would feel convinced, if not immediately, at least a little later.

" Sixty-three crores I said must be deducted from out of these Rs. 400 crores. Then, taking hides and skins there was a concession given there. Of course, hon. Members may not accept that as a concession. On that again, instead of having the two transactions—the average which I have given—if it is only one, we will have to put it at Rs. 12 crores. Deducting that from Rs. 337 crores, the balance is Rs. 325 crores.

"On account of the Abkari and the Opium Act, I deduct 2 crores. Speaking roughly, Sir, I would put the total turnover at 300 crores. Half per cent on 300 crores works out at $1\frac{1}{2}$ crores. That is the position at the most it comes to. There was a speculation going about for 30 crores and 15 crores and so on. Some reference was made to a figure pointed out in one of the memoranda of one of the Chambers of Commerce in Madras. That is why I have considered the position and would like to place it before this House. It is not a correct estimate. It is not right to go on imagining that 15 crores and 20 crores would be coming out of this measure. Under clause 20 of the Act the yield for the half year will be only 75 lakhs. 3-45 p.m.

"Next it was said that trade will be affected, that there will be repercussions all over and that there will be a paralysis of all business. All these statements are made because hon. Friends have not gone into each one of these items and examined the position and the consequences coming out of this measure. I do not wish to travel over the same ground that I covered last time. But I must point out before I go into certain details here that this Province as a whole and the country as a whole has been exploited economically for such a long time that it will not be possible for many of us perhaps to remember the history of this. To-day it has been pointed out that a tax of a pie in the rupee will work a great hardship. To understand whether it will work a hardship or whether it will benefit the people of this Province, you have to examine individually every item that is covered by this Act. It will be impossible to go through each item; let us take some of the important items and examine the position.

"Let us take the case of cloth that is imported into this country. What is the position with regard to cloth? Before civilization erected mills and machinery, this country was in a position to produce not only the cloth required for the people of this land but also cloth that could be exported, some of the finest cloth that could be exported from this country to countries overseas and get gold in return. Now what is it that has happened? Cotton has been exempted. In spite of it the hon. Friends of the Opposition are not satisfied. Cotton is exempted to-day; for what purpose? This cotton that should have been utilized in this country for making yarn and for making cloth and making the country self-sufficient has been and is being exported. Exported how? Cotton that is grown in the fields is taken by bullock-carts where there is no railway, then by train by paying freights which the railway company has been charging—which you may remember as businessmen. You say, 'As businessmen we have been giving advice; but you have not cared to take our advice.' I would ask you to say as businessmen what the railway freight is for getting certain commodities from one of the district centres up to the Madras port. It is higher than the freight that would have to

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be paid if the goods came from Germany to this place. Railway freight to take the goods from here to Bombay will be higher than the freight that would be required if the goods came from any of the countries of Europe to this place. That is the condition under which the trade has been helped and has been flourishing. After that reaches the Madras port or the Bombay port the freight of the ship is put in. Then what are all the things done either in England or in Lancashire or Japan or any other place where our raw materials are taken? I will just mention to you the wages, the wages paid there for converting this cotton into yarn and the yarn into cloth, the cost of the chemicals used, the cost of the freight that I was just now referring to both here and outside, the incidental charges in the transit, establishment or directional charges, the interest paid on capital in Manchester or any other place and the cost of raw cotton, its own freight and incidence. All these things have been included in the price that the people of this Province are called upon to pay when the cloth is imported here. On the cotton that should have been manufactured into cloth —and that was converted and used here before—on this cotton, so many charges have been put. All these things are included in the cost of imports. What is the cost of imported piecegoods so far as this Province is concerned? Eighty-four lakhs, I have put it. That is not the price at which cotton is sold in the market. It is going from here to those places and after returning to our ports again extra cost is paid. Then what happens as soon as it comes into the ports of Madras and Bombay? They have to pay customs. You add customs duty. How many crores of customs duty are paid from this Province? That is not ours. It is collected by the Government of India. What portion of it is returned to us? It is very little. There are so many charges put upon this cotton that has been sent from here and the cloth that is returned to this place. And when it is sold here, the wages of the poor people who are workers here have been taken away. All these extra charges would have been saved if the business had been done here without being sent to Japan or any other place. It is contended here: 'Save the consumer.' It is the consumer that is made to pay all these charges. That the consumer should not be asked to add to the wretchedness of his condition by giving a pie for the sake of the Government which is established here for carrying on the administration for his benefit and the benefit of the other people, is a proposition which has absolutely no reason. It is because one will not be able to study and examine all these things and know how much this consumer is called upon to pay in this manner that such a contention is put forth.

"Now we say we should put one pie in the rupee upon the consumer whoever he is; that is the position. Who is the consumer of this cloth? I will answer presently. It was stated, 'It reaches every man, woman and child and terrible repercussions will come.' The cultivator has done his duty. He has put into

the hands of a merchant his cotton and somebody has purchased it. It is sent to different places and then returned as a finished article—a business that should have been maintained here. What is it that should be expected of the Government in a matter like this? It is the duty of the Government, as I have pointed out at the very beginning, when there is an adverse balance of trade, when exports have decreased and imports have increased, when crores of rupees have to be found out, to tackle the situation in a statesmanlike way. When there was an adverse balance of trade—for three years there was an adverse balance—what did Chamberlain say? He said, 'we shall not live if this continues. There is no good in our balancing the budget merely. Unless we balance our trade, we shall not be able to live at all.' That is what he said. Because you do not take seriously the condition of the people here, the wretchedness of the people labouring here, you help them to sell all this cotton in the market.

"Now, whom does this one pie in the rupee reach? Even at this stage it was again urged, 'It will affect the whole trade. It will affect every man and woman in the country.' I say, it does not. In spite of the adverse circumstances under which this country has been suffering on account of the exploitation of the poor people of this land, they have survived because of the inherent strength of the population and on account of the potentiality of the land. Even though we do not have mills to compare with Lancashire and Manchester, somehow or other, with the efforts made first by the Bombay merchants and later on by others who followed them, we have got about 49 mills in this Province. Some of them are spinning mills and the yarn spun by them is partly used up by the handloom weavers. I ask you, Sir, just to take the figures about the handloom production in this Province of ours. What is the quantity of the handloom cloth produced here in the face of adverse circumstances? Some 30 crores of yards of handloom cloth are produced. Handloom cloth produced with mill yarn, as I said, comes to 30 crores of yards. These 30 crores of yards are also consumed here. Mill cloth consumed is over 20 crores of yards. Out of these 20 crores, over 8 crores are made here. The rest of the 12 crores of cloth is made of foreign yarn. By foreign yarn, I mean yarn not only imported from Japan and England, but also other provinces in India. We have to make up this deficit. I am laying stress on the fact that 33 crores of handloom cloth is made in this country, only to show hon. Members that it is not correct to contend that what is imported from other countries like Japan or England, is being consumed by nearly 5 crores of people of this Presidency. It is not so. What is coming from foreign countries is only 12½ crores. What is produced here and consumed here is over 33 crores. Who is consuming these 12½ crores of yards of cloth coming from foreign countries and who is consuming these 33 crores of yards of cloth

4 p.m.

produced here? Take Madras City and see the apparel of every man, woman and child. In spite of the agitation that has been going on for over 20 years and notwithstanding the fact that the people of this country have put a Government in office here to-day, you will find only the people of the towns rushing to the market to purchase foreign cloth that has come from outside and wear it as if it were a grand thing. So, I may point out to you that it is not correct for any hon. Member to say that it is being consumed by the people in the villages and that everybody will be affected by this tax. Not at all. They are living still in spite of this exploitation, because of their inherent strength. They have got the capacity to suffer all these things and yet live. That is the position with regard to them.

"As I said, 12½ crores of yards of foreign cloth is distributed among the towns. You can ascertain this very easily. Now, so far as this foreign cloth is concerned, it is the duty of this Government to see that even these 12½ crores of yards of cloth are made and worn by the people of this country. How are you going to do it? We have been put in office and we have been put in your hands. It has been said that when the Opposition makes a small request, the Government are not considering it. Is there any desire on the part of the Prime Minister or on the part of any Member of the Government not to be reasonable? None at all. You cannot understand the anxiety of the Government when they are put in this position and when they are called upon to deal with the trade deficit on one side and the deficit on the other side in the excise revenue which we have brought about for ourselves and for yourselves. You may cry hoarse that the excise revenue should not have been given up. But you must remember that the giving up of the excise revenue means making so much addition to the wealth of the cultivator and of the poor man in the country. Now I may say, Sir, it will be the policy of this Government as representatives of the people to see not only that the budget of each year is balanced, but to see also that the trade is balanced. Exports and imports must become equal and must be balanced. If the exports cannot increase and bring more money to us, it is the duty of this Government to work for that end. Then only can the budget of the villager be balanced. It is only when the budget of the cultivator or the villager is balanced that we can claim credit for balancing the budget here, year after year, sitting in Madras. It is only when the trade is balanced that we can claim credit for that.

"How can all these things be done? You are not in charge of the whole of this business on the executive side. With great depth of vision, the Hon. the Prime Minister has seen what he should do. What is this complaint about concessions now made? I do not understand what concessions were not given and what more concessions should be given. The whole yarn that is imported

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from Japan, though personally I hold a different view, has been exempted from tax. Why should we exempt the yarn that is coming into the market here and is playing such terrible mischief here? We have exempted yarn. We have exempted cotton. The field is still free. Again, with regard to the exports of manufactured goods a rebate of half per cent has been given. What are the implications with regard to this rebate of half per cent? Its implications are that those who are in a position here to manufacture and produce should have it as their primary duty to see, after this Act comes into force and after this Government have come into office, that they regulate their business in such a way, that whatever we may produce here is used for the purpose of the people within our limits as far as possible. If there is anything remaining, they would be entitled to export it and take the profit. That is the exact position in which we stand to-day. There is nothing there about which hon. Members can complain with regard to this measure.

" I have got so much to point out with regard to exports and imports, if you take them item by item. To make up the trade deficit we are bound to find money. We cannot create money and put it there to make good the deficit as we do in budget balancing. To meet the trade deficit, we have to develop industries and agriculture and increase the production generally. It is not peculiar to us alone. When prices have fallen and when the money market has become completely tight, as I pointed out some time back, Governments themselves collapse, not to speak of individuals. In such situations, what did other countries do? Italy—none of us should be scared away by the fact that Italy is controlled by Fascist Mussolini—when it was faced with a difficult situation with regard to prices, what did Signor Mussolini do? He at once took stock of the situation and began to develop the land. We are not Mussolinis here. Even on these Government Benches we are not free men. So long as the exchange control is in the hands of somebody else we are not free men. What is it that we could do? We are ordinary laymen. Somebody even remarked that here the blind is leading the blind. I do not know which hon. Member made that remark. But I am stating all these facts to enable him to understand who the blind man is and who the man leading is. What is it that should be done? We are all blind people, no doubt, as laymen. But the moment we came to office, we looked into the whole situation and we at once put a ban upon land assignment and we are maturing a scheme for land colonization. How we can develop the land to meet the trade deficit on account of the import of food stuffs, I request hon. Members of the House to consider. Over 5 crores worth of foodstuffs are imported into India every year when there is so much land here! There are so many rivers taking water to waste into the sea! Well, what is the necessity for 5 crores of rupees worth of foodstuffs coming into India? What can be done to make it unnecessary for us

to import foodstuffs in such quantities? It would be the aim of this Government of ours to see that we do not have any need to import foodstuffs. All our requirements as regards foodstuffs must be produced here in this country of ours. Production must be developed by adopting improved methods of cultivation and by increasing the irrigation sources. Where is the money for it all? Member after member from the Opposition rose up and asked, 'What is the need for all this money?' I may tell them, Sir, that these things cannot be done always by borrowing money. These things must be done by the people themselves who have established their Government here. The import of foodstuffs must not be allowed any longer. My hon. Friend Mr. Krishna Rao asked: 'Why don't you exempt foodstuffs?' Sir, should we be told about it? When we are striving to give food and clothing to the poor people, should we be told that their foodstuffs should be exempted? We have not exempted foodstuffs. We have not exempted co-operative societies and we bave not exempted even our nascent and infant industries. We are doing all this with a view to make our people understand that unless we put a tax upon even our own foodstuffs, they would not stop this import of foodstuffs.

"Sir, I am afraid I am taking too much of the time of the House. But I must say one thing more. Now what happens to these dealers, the intermediaries as Mr. Hameed Khan put it? Who are the dealers and what is the trade that is affected by this tax? If it is pointed out that vast business is being done by the people of this country and that business will be affected, I can understand. Well, what is the business which these people are
15 doing? They have become mere dealers, mere intermediaries; they
p.m. have become mere brokers; and they have become mere commission agents. Where is the trade in their hands? They have become mere dealers, No. 1, 2, 3, 4 and 5. What is it that these people have brought to the country? Consignments come from other places and these people offer themselves as dealers and commission agents. What are the terms offered to these people? Twelve and a half per cent of the sale they take as commission; and what do they do with that 12½ per cent? They give 2 per cent to the first man, that is to say, they themselves first take 2 per cent; then they give a certain percentage to the wholesale dealer; then he gives a certain percentage to the retail dealer; and then he gives a certain percentage to the hawker. So what is the trade here that you are talking about? Who are the traders here on whose behalf so much complaint was made here? I suppose the trade consists in receiving consignments and distributing them over and over with a commission of 12½ per cent. That is the sort of trade that is referred to. No doubt it would be hard for those who have been making money all these days out of this 12½ per cent. If they were to examine the situation and be patient and bear this tax cheerfully, they can become masters of the situation, if not

this year, at least the next year or the year after the next. When there is a Government to promote the industries and the manufactures of this Province, it is the duty of the capitalists and of all those who have made money all these years by occupying one or other of these five or six places that I referred to above, to divert their money in starting big industries and manufactures. I appeal to all those capitalists who have got money in this country to have a greater vision and divert their money in starting large industries and manufactories in their own country and get the best profits out of them. If their capital is utilized for the establishment of such industries, these people can get rupee for rupee as profit, instead of getting 2 annas as commission in the rupee.

"So, Sir, you must consider that this measure is absolutely necessary in the interests of this Province. By reason of the agitation that is being carried on outside, all these merchants—they are wise men—come against us and say that we are bent upon doing harm to them by passing this measure. It is quite natural in any country when a new measure of taxation is proposed to get up and say, 'It is oppressive taxation.' Particularly in our country which has been subjected to a foreign rule for the last 150 years and more, it is no wonder that the people are misled in this direction. So, if they only understand this position and sit quietly and consider about the methods to be adopted for starting industries and big manufactories in this Province by utilizing their money, and also start such industries and manufactories, they will be able to get not 2 annas in the rupee, but one full rupee for a rupee; and they will also prosper and flourish and be able to give food and clothing to those other unfortunate men who alone have now been paying tax to the Government. That is the position of the Government."

* M. AHMED BATCHA SAHIB BAHADUR:—"Sir, when I was a school-boy I remember to have read in English History—Tudor Period—that there was one Chancellor of the Exchequer known as Morton. He became famous in history by reason of the fact that the method that he adopted so cleverly for collection of taxes came to be known as 'Morton's Fork' later on. Whenever he saw a man very prosperous and spending his money very lavishly, he used to say 'This man is spending so much money; only if he had saved a lot of money in the past, would he be able to spend now so lavishly. Therefore he must be taxed.' Whenever he saw a man suffering and very niggardly in spending his money, he used to say, 'This man also must have saved; therefore he must also be taxed.' So, wherever the fork was applied tight, he was able to get the money and so it has come down in English History as 'Morton's Fork.' If the same argument is applied here, I am afraid it has to go down in our history also. When the merchant comes and pleads his case, the question is put to him,

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'Are you not spending so much money on your house-rent? Are you not spending so much on your staff? What does the expenditure amount to? Does it not come to 10 or 12 per cent? So this additional expenditure of ½ per cent is not going to affect you.' This kind of argument is applied equally to other cases also where people are thrifty. Supposing a Marwari-sort-of-looking man comes and pleads his case, they say, 'Oh, your total expenditure for your business may not be 2½ or 3 per cent and so you should be able to pay this additional sum of ½ per cent quite easily.' Sir, I would point out that this tax should not be compared to the expenditure that a merchant has to incur. Sir, it is a fallacy to compare both. The expenditure that we have to incur is absolutely necessary. The Advocate-General himself is present here and he knows how our expenditure for maintaining a staff and for keeping accounts is absolutely necessary for the purpose of earning our income. Sir, no man can run a business without owning a house; no man can run a business without paying rent; no man can run a business without maintaining an establishment. All these items of expenditure are necessary for the earning of our income; but a tax is not one such item of expenditure which should be called necessary for the purpose of earning the income; and therefore it can never be classified under the different items of expenditure that I referred to above. The expenditure referred to above is subject to fluctuation. It may rise and fall; nevertheless it must be incurred. So this sort of argument that this tax also can be classified as an additional item of expenditure does not hold water.

"Sir, when I spoke last in connexion with this Bill and said that it would cause a very great hardship to the merchants, I remember distinctly that the Hon. the Prime Minister said, 'Are we not giving consideration to the Opposition? In spite of the majority that we command, are you able to point out any instance where the Opposition has not been given proper hearing or proper opportunity for expressing their grievances? Are we ruling by the majority?' These were the questions put to us. Those words are fresh in my mind and they are still ringing in my ears. When the matter was referred to the Select Committee, I saw the Hon. Premier not only repeating those words, but to a very great extent he carried them into effect. I may tell this Hon. House—it may please anybody or it may not please anybody—that to approach him and to know him is to admire him and to admire him is to love him. That is the honest impression that has been created in my mind. I sat with him in the Select Committee for days together, and certainly, quite contrary to the proverb that 'familiarity breeds contempt,' the more we sat together the more we liked each other."

(A voice:—"Then why are you attacking him now?")

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" No. It is only in connexion with this tax that I am attacking him. I am only speaking what I felt honestly. I am not flattering him. Where I did not agree with him in certain respects, I say plainly that I do not agree with him. Well, I feel that he has done immense justice to us in the Select Committee. He never dragged us to the extreme limit and we never had the necessity to vote. We know how voting would have resulted. He tried to persuade us and he also tried to understand us. I may tell you in this connexion that all the clauses in the Bill were thoroughly discussed and adjusted. Unfortunately it is only clause 3 that was not fully explored. If this too had been done, we would never have had this prolonged debate and arguments in this House now, and be compelled to sit in this hot weather in this dress much against our custom.

" My next point is this. The Hon. the Revenue Minister has given us certain figures. If he had merely given those figures, it might have allayed our feelings to a considerable extent. Before he quoted those figures, he said that the Opposition, due to ignorance and lack of study, did not understand these things. I ask, ignorance on whose part? It is certainly not ignorance on our part. It is no wonder that he asked his Secretariat, which is famous for its efficiency all over the world, to collect these figures and they furnished him all these figures. Well, if you ask the Secretariat people how many palmyra trees there are in the Tinnevelly district, they will collect the information on this point readily and give you, and you marshal against us those figures and say, ' With ignorance are you speaking; with lack of information are you speaking.' When you say this, we certainly bow down. Sir, that is the very thing we have been harping upon. We have not been furnished with information; we have not been furnished with data. I say that you are as much groping in the dark as we are. (A voice: ' We are not.') It is only a recent discovery that you are not. Now, are we to blame for not having the information or the data required? I say, when my Hon. Friend Mr. Langley said that nobody except the Hon. the Premier knows anything about these things, I believe he was right and that has been proved now.

" Now, Sir, what is it that is brought out by these figures? According to the figures given, it is stated that the total population of this Province is $4\frac{1}{2}$ crores to 5 crores of whom the merchant classes are said to be 12 lakhs. The other day when I worked out the figures I found that it worked at 3 per cent of the total population. Now he has given up the case when he says that 3 per cent of the population are paying income-tax of $1\frac{1}{4}$ crores. What 4-3
should the remaining 97 per cent pay? Not the revenue that he p.m.
is now collecting. I wish that he had not given these figures to us. I am inclined to believe that on that percentage the rural

population should have paid to the tune of 40 crores of rupees. (An hon. Member: 'What for?') Then what do you want this for? But that is no support to your argument. I do not know what he was trying to make out. He said that there were 12 lakhs of people whom he called the trading classes, that 87 per cent of the people lived in the rural areas and 13 per cent in the urban areas and that the shopkeepers in the rural areas did not exhibit the articles usually exhibited by the shopkeepers in the urban areas and that the villager did not require the articles imported by Mr. T. T. Krishnamachari. Certainly he may not require that article. If he knows how to make what he wants for himself, we welcome it. But now he requires, though not the soap that is imported by Mr. Krishnamachari, at least the caustic soda that is being imported by some other importer. What the villager must produce if he is going to replace the imported soap is *cheekai*. Even then he requires my help, because all the *cheekai* produced in this country cannot be consumed in this country. (An hon. Member: 'self-sufficiency.') If the policy of self-sufficiency is to be followed here, I do not know what is going to be the result.

"The Hon. the Revenue Minister is harping on both sides of the question. He wants to put forward the ideal of the village as a self-contained unit on the one side, and, at the same time, on the other side he claims for India the position of the supreme exporting country in the world. To aim at both these ideals is to work in opposite directions. In spite of all the knowledge which he should have culled from the books which abound in the libraries here, I do not see how he will reconcile the two."

THE HON. SRI T. PRAKASAM:—"You will see it."

* M. AHMED BATCHA SAHIB BAHADUR:—"I have also seen it, Sir, but not from books. Reconciliation has to take place if we are going to think. We should not think like cats with our eyes shut; when the cat is licking the milk, she shuts her eyes and thinks that no one is seeing it, until down comes the stick on her head and sunders it into two. We think that we are the only persons licking the milk. Similarly every other country in the world thinks likewise and is raising its own tariff walls.

"As a matter of fact, my diagnosis of the disease is something different. It is all due to the pernicious doctrine of Darwin of the 19th century according to which survival of the fittest is the order of the day. That doctrine is responsible for all the inequalities, the struggle, the want of comfort and convenience that we experience to-day. Every country thinks that it can steal a march over the other. Every man thinks that he should have a victory over another. I would ask the Hon. the Revenue Minister, if India takes retaliatory measures, would not similar

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measures be taken by other countries which purchase the raw materials which we produce in such enormous quantities that we cannot consume them ourselves? (An hon. Member: 'Let us be self-contained.') As regards that, you must know that we have got a surplus of production over consumption in this country in spite of our vast population and that we are bound to export enormous quantities of materials—manufactured or otherwise. We depend on the good will of the other countries of the world, and mutual co-operation and adjustment is necessary if we are to convert the economic wealth of the country into real money. Such blindfold policy will never help us. You say you will make our country overnight into a most prosperous and industrialized country in the world. It is your prayer; it is my prayer also. Let it be there; we shall all strive for it. But your method of approach will never lead you to the goal. You may promise to lead the country to the Kailas on the Himalayas, but all the time we will be at the bottom of the hills and licking only at the driblets of ice that flow from the Himalayas, if such a blind and short-sighted policy is to be adopted by any Government."

Sri K. SUBBA RAO:—"Is such general discussion allowed on this question?"

* M. AHMED BATCHA SAHIB Bahadur:—"So much has been discussed outside the issue that I must have an opportunity of replying to those observations."

Mr. SPEAKER:—"I suppose the hon. Member has finished."

* M. AHMED BATCHA SAHIB Bahadur:—"I have not finished, Sir. I am meeting the arguments of the Hon. the Revenue Minister and pointing out that he has not made out a case for this tax.

"Well, Sir, he said that a state of emergency has arisen because the imports and the exports have not balanced. I certainly admit it is a state of emergency. But what is the percentage of the emergency? It was about $1\frac{1}{2}$ crores in 1936–37 and 1937–38. A $2\frac{1}{2}$ per cent variation one way or the other is nothing very catastrophic for the imports or the exports of any country. In a series of years we have had a surplus of exports over imports. Even assuming that a state of emergency has arisen, how is this tax going to help us? I fail to understand, Sir. Is it possible for us to balance the imports and the exports by the imposition of this tax? It is absolutely beside the point. The Revenue Minister has described the economic condition of the country, but he has never given any justification for this tax which is proposed by the Government. I agree with every word of what he has said regarding the necessity for the industrial development of the country and I will be the first person to cooperate with him and work heart and soul for the upliftment and

welfare of the country. But let us not mix one issue with another. When it is pointed out that there is a state of emergency because the exports do not exceed the imports and therefore let us levy a tax upon ourselves, what does it show? It only amounts to this. The coffin is ready; the corpse is inside and what are we going to do hereafter? Drive one more nail into the coffin. I am at one with the Hon. the Minister in all he has said with regard to the imports of Lancashire cloth and so on. But how does it help the question before us? He said that the producer hands over his cotton to somebody, that the cotton goes to Lancashire and comes back in the shape of cloth with so many charges added to it. He asks, 'What does it matter if you pay half a per cent more, especially when so many charges are added to it?' That is a bad argument. That can be used as an argument in my favour also. If I pay so many charges round and round about, why add one more, Sir? It is something like the case of a prisoner who was put in the inquisitional chair in Spain. He was so pressed on all sides that the whole blood rushed to his head. When the blood had reached the head a man began to pour water drop by drop on his head. He said that it was very harmless, that it would keep him cool and that it was going to be a shower bath. But no sooner did the water fall upon his head, than more blood rushed to his head and he died. That was the practice of the inquisitional chair. Therefore, Sir, I say, when so much is added to the cost of the article by its going round and round, the addition of a little bit more in the shape of a tax would be like the addition of the little drop of water which stung the man already shot up with blood pressure.

"My hon. Friend Mr. Varadachariar asked us what disaster was going to overtake us if we paid a tax of half a per cent. It is all very good. But does he know what calamity is? He said that he had seen actually what profits the Ahmedabad mills people were making. But, I may tell him that even ½ per cent addition would be a calamity under certain circumstances. What are those circumstances, Sir? It may be the big Ahmedabad mills, or a betel and *pan* shop in Madras, or it may be a biscuit merchant here, or it may be one of the biggest banks in the Presidency; but it will be a calamity if the two sides of accounts, the assets and liabilities, do not balance. No doubt it is not to be looked at from the standpoint of the Government. They have extraordinary powers of taxation and can fall back on the people, and make good the deficit. But no private individual has got that power. He may be dealing in crores and crores of rupees on the payment side and crores and crores of rupees on the receipt side; but unfortunately, if it happens that the payment side is in excess of the receipt side, he will be in distress, as a steamer caught in a cyclone, when the smallest waft of wind

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will certainly drive it under the waves. It may be ½ per cent or it may be half an anna; but even the biggest bank will be in a calamity when that smallest amount has to be paid, not out of its own funds, but out of somebody else's money lying in its hands. When the business is bad and assets are much less than the liabilities, every pie that is spent will be not that of the bank but somebody else's. That is a point which the businessmen have to consider because they handle not only their own money but other people's money in thousands. The primary capital of businessmen is not the balance in the bank, or the patrimony left by the ancestors, but the credit that is enjoyed, the trust that is commanded from the brother businessmen who have entrusted hundreds and thousands of rupees in the hope that the money would be returned, though not with profit, at least *without reduction in the capital.*

" Therefore, Sir, you must take one factor into consideration. What is the condition of the business after the end of the Great War? The War brought a disaster never anticipated in history before. That disaster is still echoing in all our economic calculations and dealings so that even to-day we have not recovered from it. With so many crores of rupees of the Central Government loans outstanding and so many crores of our own Government loans, it is a sure augury that the economic depression has not lifted itself. It is one of the serious signs of the times that the Government also are one of the competitive borrowers in the open market of the country. The Hon. the Prime Minister mentioned the easy supply of money. But it should not be taken as an indication of the prosperity of the country. It is just like this: when a man is served with food in the hope that he will take it but he does not take it, then it is a sure indication that either the man is dead or he is sick or he is not hungry or he does not want to take it. Therefore the availability of a large amount of money is no indication of the prosperity of the country. Added to that calamity is the fact that the Government themselves are one of the borrowers in the open market, just as any other individual borrower. The competition starts between the Government's borrowing power and the individual's borrowing power. Certainly the Government will have preference and naturally we the traders must be thrown out into the streets and made to stand on our own resources when no money is available. The presence of a calamity cannot be gauged by the stroke of the pen as Mr. Varadachari thinks."

THE HON. SRI C. RAJAGOPALACHARIAR :—" I am not rising to a point of order. But I would like to ask the hon. Member whether he suggests that Government borrowing is a new feature in the world."

* M. AHMED BATCHA SAHIB BAHADUR :—" I am not sug- 4
gesting that the Government's borrowing is a new feature in the p.

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world. The Government's borrowing must be consistent with the requirements of public demand. The Government also are borrowers in the market along with private borrowers in the country. The Government are going on indiscriminately and unjustly borrowing after the War. I do not refer to the Government of Madras. The Central Government have been led to borrow enormous sums. They are contemplating to pay off old loans by fresh or further loans. They propose to pay older loans by borrowing new loans. That is only a renewal of the old loans. That is what the ordinary business trader does with the Marwaris. If he does not do that, he will be ruined. The economic distress that has set in and the damage caused by the Great War of 1914 have not been repaired, the private trader is still in a bad condition. If you fully examine most cases, you will find that he is more like a consumptive patient keeping his appearances and shows and not like a person who is really strong and sturdy ready to pay the charges put upon him.

"I am now coming to my Hon. Friend, the Minister for Public Works. He was himself a businessman. Ah, what a change has come upon him! An erstwhile businessman has now changed to be a tax-gatherer. The other day, in connexion with the exemption of bad debts, he said that the moment the sale takes place, the transaction is complete whether it is sold for cash or credit, and whether the value is realized or not in the case of a credit sale. In the case of credit sales, the merchant acts like a banker."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I do not wish to interrupt the hon. Member. I think this is hardly relevant either to this clause or to the subject-matter of the Bill."

M. AHMED BATCHA SAHIB BAHADUR:—"I am only stating matters of fact. That is the interpretation that the Hon. the Minister for Public Works put upon it. That is not the real interpretation to be put upon it. What a change from a businessman to a Minister! I do not wish to refer to him further.

"What about the bad debts? You have of course sold the goods; they have passed from your hands. The sale is there. I ask you from a commonsense point of view, what is a sale without money? The sale has taken place. But is the contract at an end? The seller sells his goods in the expectation of getting money in return. It is only when he gets the money, the transaction is complete. To give it a legal interpretation or formula, you can say that the sale is complete. But there is the human aspect or the practical aspect of the matter. The transaction is not over. What is the interpretation that was suggested? It was the Shylockian interpretation that was put upon it. It is not doing justice. (I am applying the interpretation to something else; I know where it was applied.) Before the goods passed away

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from my hands, I was a businessman. After the goods passed away from my hands, i.e., after the sale, I turn out to be a money-lender, a creditor to a debtor. I am nothing but a money-lender. It becomes a separate transaction. I request you to consider the matter carefully. The transaction is but a shadow. Can I pay a tax upon a shadow to the Hon. Gentleman. Am I to pay a tax on the corpus fund that I have not realized, that is not in my hands? What is expected of me? I am asked to pay a tax upon a shadow of a transaction and not on the reality of a sale. I fail to see any consistency in that kind of argument. At least this consideration should move the Government, and some remedy should be applied by them. Practical difficulties will arise. But it is always possible by consultation and mutual co-operation to get over such practical difficulties.

"Then, Sir, I come to the actual point of the rate. I am not speaking on the ½ per cent that is proposed. I know that the ½ per cent might be reduced, having regard to various representations made by the Opposition. (The time-limit bell was rung.) I am coming to the main point. This is an important point. If we finish this Bill, we will have no more work to do here. Let me have my say; let not my case go by default; I may not succeed, but let me have the satisfaction of having represented my case.

"It has been stated that the slab system would apply to the extent of Rs. 20,000. A merchant would be called upon to pay a tax of Rs. 5 per mensem when his turnover is Rs. 20,000. It would amount to Rs. 60 a year. It will be three rupees per thousand; it will be slightly more than four annas per cent, very nearly five annas per cent. When you have fixed such a slab system to apply to cases where the turnover is Rs. 20,000 and less, is it proper and right that you should apply a higher percentage when it is a question of Rs. 20,000 and more? What is the proportion, I ask. I do not want to go outside this point. I ask you whether ¼ per cent will stick to the price or will be passed on to the other side. Whether ½ per cent is more just or less just, it is outside the point; nobody knows that point. Perhaps it was in that sense that my hon. Friend Mr. Krishnamachari said it was a case of the blind leading the blind. Nobody has any knowledge. It is mere guess work I say. Having fixed the rate of Rs. 5 per mensem for a turnover of Rs. 20,000, what is the reason underlying the fixation of ½ per cent for a turnover of more than Rs. 20,000? It (slab-rate) works out to very nearly more than ¼ per cent, five annas per cent. This is not to be confused with income-tax returns. The larger the income, the larger is the rate at which the man is taxed. . ."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I am just suggesting to the hon. Member to calculate the rate on Rs. 10,000."

* M. AHMED BATCHA SAHIB BAHADUR:—" Even then, I have got a good case. The Rs. 10,000 man is exempted. I am particularly desirous of directing my appeals to you, Sir, Mr. Speaker. I know I can elicit some sympathy from you, Sir, in these days."

MR. SPEAKER:—" The Chair is not part of the Government."

* M. AHMED BATCHA SAHIB BAHADUR:—" The Chair can nevertheless have its individual views expressed.

" You should look at the matter from this point of view. What is the percentage? It is a regular business principle that, when a retailer is charged at a particular rate, the wholesaler is to be charged at a lower rate. This tax should not be confused with the income-tax principle, because, from the beginning, our Government has been condemning the analogy or the illustration that was given either in the Select Committee or in the House. They say the income-tax system will never be applicable to this case. That system is completely different. A man getting an income of Rs. 10,000 is charged at a higher percentage than the man getting Rs. 2,000 or Rs. 3,000. The larger the income, the higher is the percentage of the tax that is levied upon the income. But in this case the tax is based not on the income but on the turnover. The larger the turnover, the larger the amount involved, the lesser must be the ratio of taxation. That is a principle accepted in business and in practical life. It is in this connexion probably that my hon. Friend, Mr. Langley, got indignant and said, ' This is the business practice; this is the business habit.' In fact, this is your own view point; this is the principle that you enunciated only a few days ago when you passed the Tobacco Bill. It was very nearly 3 per cent that the Hon. the Premier stipulated as the tax for the retailer; then it came down to 5 per cent on a turnover of Rs. 500. Then the rate for the wholesaler was fixed. A tax of Rs. 2 per cent has no relationship to the other. It was right in principle. When the retailer is taxed at a particular rate and when that rate is approved, properly and naturally, the wholesaler has to be taxed at a much lower rate. Therefore when you revised it, you revised it as 3 per cent on the retailer, and on a turnover of Rs. 400 you fixed it at 10 per cent. When it came to the wholesaler, you fixed it at 2 per cent only. This is confirming the principle that in the case of the wholesaler whose turnover is much larger than the retailer, the rate of tax must be lesser. That is more commonsense-like; that is the business principle; it has practical application to life and business; it is also in consonance with trade principles. Therefore, Sir, the application of the income-tax principle has no bearing. Therefore it is I submit that, if the Government have fixed Rs. 60 as the rate of taxation in the case of a turnover of Rs. 20,000 and less, they will certainly have to revise the rate as applied to wholesalers who

are making a turnover of lakhs and lakhs of rupees. Half per cent calculated on the turnover of a wholesaler will be an enormous sum. Therefore I move that this proposal of the Government be not accepted and that the rate be reduced to a more reasonable figure."

Sri R. M. PALAT:—"Sir, I had not intended to intervene in this debate. But the Hon. Mr. Prakasam has made out such an excellent case for the rejection of the Bill that I would like to stress some of those points which, I contend, are in my favour. I do not deny that the interest of the country should be our primary consideration. What is it that this Government have done to help the intending purchaser? What clause is there in this Bill which would in any way help the intending purchaser? The only justification for any further taxation is first of all, the necessity for more money; and secondly it would be to the best interest of the country that we should develop all our industries. I am not convinced of the first contention. No doubt there is need for more money. But this has arisen from the action of the Government themselves, because of their Prohibition policy, to which I do not at all subscribe. I now come to my second point. As pointed out by the Hon. Mr. Prakasam it is very necessary that we should balance our trade and that our exports should be greater. For that, would it not have been better if we had exempted all 5
exports from the purview of the Bill? I can understand a Government taxing imports, and I am quite in sympathy with that; but I certainly cannot sympathize with an Indian Government which taxes exports or which taxes any of our agricultural products except such agricultural produce as, for instance, betel leaves for which we have a monopoly. There we do not lose anything by taxing the produce. But if we tax exports generally, it would to that extent, affect us badly. Sir, we have seen that what the Government say is one thing and what they do is entirely different. As the Hon. Mr. Prakasam has pointed out, although it is very necessary to protect Indian industries, nothing in this Bill has that effect, except that, to a very limited extent, they exempt agricultural produce in the first instance, which I do not think is at all sufficient, because agricultural produce which is imported into India has no tax at all to pay to this Government."

* The Hon. Mr. YAKUB HASAN:—"Mr. Speaker, Sir, the question under discussion is that of the rate of taxation, but members of the Opposition have made long speeches and have said many things which have hardly any bearing on the subject that is before us for discussion. Cheap jibes have been levelled at the Government and businessmen have said that their statements that they knew everything were based on experience and knowledge and that members of Government presumed and have been audacious enough to reply to the businessmen in a manner which only exposed their ignorance of business matters. Sir, this kind of criticism is only made in order to rouse the public, who are already

much agitated, and to bring this Government into contempt. What they mean is that this Government do not know the very principles of taxation, that they have no fiscal policy, that they wanted money and have brought this Sales Tax Bill in order to raise money. The Ministers do not know what effect it will have on the business; and it was also said that the money Government will be getting will be got at the expense of trade and commerce and at the cost of ruination of merchants and traders. Sir, whenever a taxation Bill comes, those who are affected by it are bound to, and it is natural that they should, oppose it. The larger the number of people affected by the tax, the greater is the volume of opposition; but opposition is not to be assessed by the noise that is made, but the strength of the opposition is to be assessed by the soundness of the arguments that are advanced against the fiscal measure.

"Sir, what is the contribution that these merchants have made in this Legislature and elsewhere on this question? I have closely followed the arguments advanced but I must say that the contribution that the businessmen have made to the debate in this House does not at all redound to their credit. Sir, we have not brought this taxation measure before the House because we have no other means of taxing the people and Sales Tax is the only tax that is now left to us to levy. We have not brought this Bill to raise the money required without a good deal of thought. It has also been asked, 'What are your requirements, how much money do you want, and how much money do you expect to get through this Bill? Take that amount of money and no more.'

"Sir, when the Government was conducted in the past on the policy enunciated by the British Government, much money was being raised in this way or that way and money was being spent in whatever manner the Government liked. But since the 1st April 1937 the whole Government had been revolutionized by the introduction of Provincial Autonomy. The Congress Government has come into power with a policy of its own. We are bent upon gradually undoing the whole system and reconstructing the system on our own lines. Certain methods adopted to raise money in the past were impure, dishonest and immoral; and we are determined to do away with those methods and we want to raise money in other ways which are quite just, and which will not bear on the population so heavily as the other methods of taxation had done. We are also going to spend the money in a manner which the previous Government did not adopt. At the same time, we are not going to kill the goose that will lay the golden egg. Our first concern is that the merchants and the dealers and the consumers should be affected by our taxation policy as little as possible and not at all injuriously. We have kept this policy in view; there is no question as to how much we want.

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We want as much money as we can get not only to cover the loss of revenue on account of Prohibition, but also in order to spend for the uplift of the nation for the amelioration of the condition of the people and the reconstruction of the Province. If five crores is realized by all the measures of taxation it will not cover the cost of Prohibition. If Rs. 10 crores are coming as some people estimate, it will be welcome; if it is to be Rs. 15 crores, it will be doubly welcome. You should not say: 'Don't raise much money.' You cannot put a limit to our needs and requirements. All that you can legitimately say is: 'Don't let your taxation be such that it will hurt the people.' That is the only point that requires most careful consideration. Businessmen must look at it from that standpoint alone. I say that businessmen have not devoted to this question their attention in that co-operative spirit which was expected of them. They ought to have recognized that the Government do want money and they should have said: 'Let us give the money required by the Government; we can certainly bear this tax. Let us co-operate with the Government and make the collection of money easy and in a manner that would do no harm to trade and commerce.'

"When this tax was taken up, there were several schemes before us, we wanted to tax different commodities according to what they could bear; we also thought of different rates; we thought that certain commodities might be exempted; while other commodities might be made to bear 2, 3, 4 or even 5 per cent. All these points I need not go into now, but they were thoroughly gone into in a proper manner. When passions had subsided and things got settled down and experts and scholars of the future write treatises about the fiscal policy of this Government, I am sure, credit will be given to this Government for the manner in which they have handled the policy of taxation. After a good deal of thought and searching of our hearts, we came to this conclusion that instead of having different rates for different commodities and exempting certain articles, a uniform rate might be fixed so small that it might not be felt adversely by any trade. That is how we solved this question. Even 2 per cent was at one time considered to be low enough; but we went down to 1½ and 1¾ per cent; finally, we said, 'Let it be as low as half per cent or one pie in the rupee only.' We also decided that small traders who were selling less than Rs. 10,000 worth of articles in a year should be exempted and others selling for more than Rs. 10,000 should be asked to pay a small fixed amount every month. If a man does business between Rs. 10,000 and Rs. 20,000 a year and keeps a shop, pays rent and taxes and incurs all the expenses that are necessary for carrying on business, if that man is not able to pay Rs. 5 to the Government, I say that man is sure to go to the wall. How does he get on with his livelihood if his business cannot bear to pay Rs. 5 to the Government? Surely he can pay Rs. 5; Rs. 5 is so little to pay a month. We had previously put a higher figure in the Bill; but

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in the Select Committee we reduced it to Rs. 5 not at the suggestion of the Opposition members but of our own accord. We also took away two slabs and kept one slab only. It has been said, ' You have fixed Rs. 5 for the man who does business for Rs. 12,000 and also for him whose sales amount to Rs. 20,000 a year; in the former case the rate is half per cent and in the latter less than one-third per cent. Then why do you charge more than the latter rate on the sales exceeding Rs. 20,000? ' Yes, we have deliberately fixed a small amount for small dealers so that all those people who are buying from these small merchants whose sales are less than Rs. 20,000, will get the benefit of this arrangement because the dealer will not raise the price on the excuse that he has to pay Rs. 5 to the Government every month. Here in India people doing business under Rs. 20,000 are much larger in number than elsewhere; in fact bulk of the retail business is done by small shopkeepers only and we want them to prosper. It may be that people who do business for Rs. 21,000 or Rs. 22,000 will also escape higher taxation than that of this slab; but we need not mind it. As long as dealers continue to pay Rs. 5 we will not harass them: we won't look into their accounts. We will simply tell them: ' We are satisfied that you are doing less than Rs. 20,000 business, you pay Rs. 5.' We have thus made taxation easy for a great majority of dealers. Again, all those people who bring articles in small quantities to merchants in the town and sell them, they have no tax to pay. The number of such people is large; every day things are being brought into towns and sold over to dealers who will sell them in retail to the public. All those people go free. Look at the number of people who escape the tax through this concession that has been given to dealers whose sales are less than Rs. 20,000. To say now, ' Make it Rs. 2–8–0 or Rs. 2–4–0 a month is ridiculous.' Rupees 5 is a reasonable rate for the trader to pay. Let him pay Rs. 5 if he does business for more than Rs. 10,000. I am sure he will not grudge it.

" Now, Sir, if you take the case of a dealer whose turnover is over Rs. 20,000, what is this ½ per cent to him? He is sure to pass it on to his customers. Wholesale dealers will add the exact amount of the tax. I ask any merchant to say whether it would affect his trade at all. I say it will not kill his business. Then, there are large retail stores whose turnover is Rs. 40,000 or Rs. 50,000 or a lakh, every month; they need not charge the tax to the consumers if their margin of profit is large but to pay this tax out of their own pocket. Merchants large and small should bless this Government for under our administration, they are living peacefully and the people are being taken forward towards independence, and towards a higher national status; so it is the duty of every merchant to help the Government and pay this tax. They say that trade is very bad and therefore, they cannot bear this imposition. I ask: ' Was trade ever said to

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be good?' Except during a few boom years after the war trade has always been bad. If you take up a report of any business, for any period you will find a complaint that trade was slack and business unremunerative. The merchants keep on grumbling that trade is bad, we are not able to make both ends meet. I say, if trade is bad now, it is not on account of any act of this Government that it is bad. I ask, when the trade is bad, do you not pay the rent to your landlord? You do not then say, trade is bad, I won't pay the rent. When your servant's pay bill is presented, you don't say, trade is bad and I won't pay you. Your factory or business is there and if trade is bad, you don't close it. Why are you doing the trade? You are carrying on the trade even when it is not particularly good because you expect something from it at least in the near future if not immediately. If you were not making anything and if you cannot make a living out of your business, you will surely close it down. You are keeping it because you expect you will make something somehow. In such a case, when you are bearing all other expenses you must also pay this tax and take your chance of recovering it from your customers.

"Sir, it was not perhaps necessary for me to say all these things because these are common places well known to all business-men but since members in the Opposition accuse this Government of carrying oppressive measures in this House with the help of a majority behind their back, I have to tell them that in the case of this Bill it is not the majority of number that one count upon, but it is the majority of conviction. If all these members (referring to the Ministerialists) are given the chance, I am sure at least 50 people will stand up and support this Bill because they are convinced that it is not unjust. And what about the Opposition itself? Some of the hon. Members in the Opposition also, I am sure, do recognize in their heart of hearts that this ½ per cent tax is not too high. They are opposing this measure because they have to please their electorates. They want to tell them that they did put up so much of opposition to the measure and have supported the public opinion and tried their best to bring round the Government, but what could they do? They had no majority. I say, in this case, the majority of conviction will carry the day and not the majority of number."

M. AHMED BATCHA SAHIB Bahadur:—"I want to clear my position in view of the observations made by the Hon. Mr. Yakub Hasan, because he made certain personal attacks in his speech."

Mr. SPEAKER:—"There was no personal attack."

* V. S. T. SHAIK MANSOOR THARAGANAR SAHIB Bahadur — "கனம் தங்கிய அக்கிராசனாதிபதி அவர்களே. இந்த விற்பனை வரியைப் பூரணமாக ஆதரிக்க முடியாமலிருப்பதற்கு வருந்துகிறேன். ஏனென்றால் இந்த விற்பனை வரியில் தங்கம், வெள்ளி, பங்குகள்மாற்றுதல், தங்க நாணயங்கள் முதலிய இவை விலக்கப்பட்டிருப்பது ஆச்சரியமாயிருக்கிறது. இதை எதற்காக விலக்கியிருக்கிறார்களென்று தெரியவில்லை. தங்கம், வெள்ளி,

[V. S. T. Shaik Mansoor Tharaganar Sahib Bahadur]

மேற்படி நாணயங்கள் முதலியவற்றில் வியாபாரம் செய்பவர்கள் செல்வ வந்தர்கள். இது ஒன்றுதான் செல்வவந்தர்கள் செய்யும் வியாபாரம். தங்கம் வெள்ளி பவுன்களை சேமித்து வைக்கிறவர்களும் செல்வவந்தர்கள்தான், நகைகளாய்த் திரட்டி வைக்கிறதும் செல்வவந்தர்கள். பெண்கள் கை வளையல் கால் வளையல் அணிவதும் செல்வவந்தர்களின் வீடுகளில்தான். இந்த ஒரு வியாபாரம்தான் செல்வவந்தர்கள் செய்யும் வியாபாரம். அதை எதற்காக விலக்கி யிருக்கிறார்களென்பது ஆச்சரிய மாக இருக்கிறது, இது அவனியில் டாக்டர்களும் வக்கீல்களும் விலக்கப்பட்டிருக்கிறார்கள். இவைகளையெல்லாம் சீர்தூக்கிப் பார்க்கவேண்டு மென்று பிரதம மந்திரி அவர்களைக் கேட்டுக் கொள்ளுகிறேன்.

"இந்த மாகாணத்தவர்கள் நகரவாசிகளும் கிராமவாசிகளும் தங்களுக்கு ஏற்படும் கஷ்ட நஷ்டங்களைக் கண்டனக் கூட்டங்கள் போட்டும், கடைகளை அடைத்தும், ஹர்த்தால்கள் செய்தும், தூது கோஷ்டிகள் மூலம் செலக்ட் கமிட்டிக்கும் பிரதம மந்திரி அவர்களுக்கும் தெரிவித்தும், அதற்கு ஒருவிதம் ஏற்பாடு செய்தும் நன்மை செய்ததாகத் தெரியவில்லை. மேன்மை தங்கிய பிரதம மந்திரி அவர்களும் செலக்ட் கமிட்டியும் தங்கம் வெள்ளி, தங்க நாணயங்கள் இவைகளை எதற்காக விற்பனை வரியிலிருந்து நீக்கி யிருக்கிறார்களென்பது தெரியவில்லை. தங்கம் வெள்ளியைத் தீர்வையிலிருந்து நீக்கினது, ஏழைகளையும் விவசாயிகளையும் மறந்து செல்வவந்தர்களுக்குச் சலுகை காட்டுவதையும், இந்த விற்பனை வரி செல்வவந்தர்களுக்கில்லை, இது ஏழைகளுக்குத்தானென்றும் நிரூபிக்கிறது, மேன்மை தங்கிய பிரதம மந்திரியார் இந்த விற்பனை வரி ஏழைகளுக்கு இல்லையென்று சொல்லுவதன் ரகசியம், தங்கம் வெள்ளிக்குத் தீர்வை இல்லை என்று விலக்கியதிலிருந்து வெளிப்பட்டு விட்டது. கனம்தலைவர் அவர்களையும் கனம் பிரதம மந்திரி அவர்களையும் தங்கம் வெள்ளி முதலியவற்றிற்குத் தீர்வைவிதித்து ஏழைகள் அவருடைய உண்ணும் உணவுக்கு விதித்திருக்கும் தீர்வையை நீக்கி விடும்படி வேண்டிக் கொள்ளுகிறேன். அல்லது 1/8 சத விகிதமாகவாவது ஏற்படுத்தும்படி வேண்டிக்கொள்ளுகிறேன்.

"மேலும் மற்றொரு விஷயம் கவனிக்கவேண்டும். அதாவது உணவுப் பொருள்களைமீது விற்பனை வரி விதிக்கப்பட்டிருக்கிறது. உணவுப் பொருள்கள் சாதாரணமாக கவனிக்கும்போது, பல கைகள் மாறிக்கொண்டே வருகின்றன. முந்நூறு கை, பத்துக் கை வரையில் எந்தச் சரக்கும் மாறிக் கொண்டே வருகிறது."

THE HON. SRI C. RAJAGOPALACHARIAR:—"Is he reading his own speech or some one else's?"

KUMARARAJA M. A. MUTHIAH CHETTIYAR OF CHETTINAD:—"Notes, Sir."

MR. SPEAKER:—"He has practically finished."

THE HON. SRI C. RAJAGOPALACHARIAR:—"அது உங்கள் புஸ்தகமா, அல்லது வேறு யாரோ எழுதினதா?"

V. S. T. SHAIK MANSOOR THARAGANAR SAHIB BAHADUR:—"இல்லை, இல்லை."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"The hon. Member is simply quoting some passage."

SRI B. RAMAKRISHNA REDDI:—"May I request the hon. Member to speak through the microphone so that we may hear him properly, Sir."

SRI KALLUR SUBBA RAO:—"Is the hon. Member reading a speech from the *Ananda Vikatan*?"

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MR. SPEAKER:—" He is reading from some notes, very valuable document. I think he will close his speech very soon."

V. S. T. SHAIK MANSOOR THARAGANAR SAHIB BAHADUR:—"சுமார் ஒரு வருஷத்துக்கு இந்த மாகாணத்தில் 53,17,113-டன் செலவாகிறது. டன் விலை ரூ. 80 வீதம் சுமார் ரூ. 42,53,69,100 மூன்று கை மாறுவதனால் வரி, ரூ. 63,80,535. சோளம், கம்பு, வரகு, 4,000,000-டன் செலவாகிறது; டன் ரூ. 70 வீதம், ரூ. 28,00,00,000; வரி ரூ. 42,00,000. வெல்லம், பனை வெல்லம், 3,23,867-டன்; டன் ரூ. 30 வீதம், ரூ. 4,13,33,184; வரி ரூ. 6,64,995. சர்க்கரை ரூ. 2,40,00,000; வரி ரூ. 3,60,000. நிலக்கடலை வரி ரூ. 7,86,174, எள்ளு வரி ரூ. 2,12,916, கொப்பரை வரி ரூ. 6,64 524, தீப்பெட்டி வரி ரூ. 1,26,000. மண்ணெண்ணெய் ரூ. 20,22,40,256; வரி ரூ. 3,03,603.

"விவசாயிகள், உழைப்பாளிகள் இவ்வளவு அதிகத் தீர்வை கொடுக்க வேண்டியிருக்க செல்வந்தர்களுக்கு ஏன் தீர்வை போடக் கூடாதென்று கேட்கிறேன். தங்கம், வெள்ளி, டாக்டர்கள், வக்கீல்கள் கட்டிக் கொள்ளும் இவைகளெல்லாம் செல்வந்தர்களுடையது. அவர்களுக்குச் சலுகை காட்டப்படுகிறது. உலகில் மனித வாழ்க்கைக்குத் தேவையான அரிசி, மண்ணெண்ணெய் முதலிய சாமான்களுக்கு வரி விதிப்பதால் ஏழைகளுக்குச் சங்கடமேதான் உண்டாகும், விற்பனை வரி போட்டால் வியாபாரி வருமானத்திலிருந்து சரிக்கட்டிக் கொடுக்கவே மாட்டான். அதனாலும் கொஞ்சம் விலையைச் சேர்த்து 1/2 அணா சாமானை 3/4 அணாவுக்குத்தான் விற்பான். ஏழைகளின் தலையில் கூடுதலாகும் நஷ்டம் வந்து விழுகிறது. இப்புதிய வரி வியாபாரிகளையும் வாங்குபவர்களையும் பாதிக்கக் கூடியதாக இருக்கிறது. லாபமடைந்தபோதிலும், நஷ்டமடைந்தபோதிலும், தீர்வை கொடுத்தே தீரவேண்டும். அக்கிராசனாதிபதி அவர்களே, இந்த மசோதாப் பிரகாரம் தினம் 30 ரூபாய்க்கு லாபத்திற்கு விற்றாலும், நஷ்டத்திற்கு விற்றாலும், வரி கொடுக்க வேண்டியதுதான். இது விற்பனையின் மேல் வரியே தவிர லாபத்திற்குள்ள தீர்வையல்ல, விற்று முதல் செய்து நஷ்டமடைந்திருந்தாலும் வரி கொடுத்தே தீரவேண்டும். இப்படிப்பட்ட தாங்க முடியாத வரியை காங்கிரஸ் ஸர்க்கார் விதிக்க முன்வந்திருக்கிறார்கள். ஆகையால் மேன்மை தங்கிய அக்கிராசனாதிபதி அவர்களே, விற்பனை வரியை 1/8 சத வீதமாகக் குறைக்க வேண்டுமென்று கேட்டுக் கொள்ளுகிறேன்."

MAHBOOB ALI BAIG SAHIB BAHADUR:—" I listened to the 5-30 Hon. the Revenue Minister with keen attention with a desire to know p.m. how he is going to justify this tax from the point of view of the economic position of the Presidency and of the trade conditions. I have no quarrel with the statement of facts made by him yesterday and to-day. But the question is whether those statements of facts regarding the adverse trade balance of this country, the poverty of the country and industries and such other matters were the facts which would justify this Government to levy this tax on sales on most articles. He stated that at least in recent years, there has been an adverse trade balance which means that our imports exceed the value of our exports. Would that Sir, I ask, justify the imposition of this tax? Remember, Sir, the articles are produced in this Presidency. I cannot understand it. The speech ought to have been delivered in connexion with the putting up of a tariff wall and not in connexion with imposing a sales tax on articles which are produced in this country. He was

saying, 'We are not exporting more than we are importing; we have an adverse trade balance; what shall we do?' The only answer that can be given by any other country is the raising of the tariff walls. That is a very good speech on a Tariff Bill. In a modified form, it might be justified like this: tax the imports into the country. In that way the speech is good. But what does the Bill before us seek to do? Does it confine itself to imports into the country? It does not. It levies a tax on agricultural products, on commercial products and on raw materials. It does not leave industrial and commercial products; but in the case of finished articles intended for manufacture a rebate is provided when they are exported outside the Presidency. So the position is that all articles except a few are to be taxed, irrespective of the fact whether they are raw materials or finished products. How can our adverse trade balance be made favourable under these circumstances? That is where I am not able to understand the Hon. the Revenue Minister.

"The Hon. the Revenue Minister has also referred to the wretched condition of the ryots. He knows and I suppose the Chair also knows that I view all legislation from the point of view of the masses. I have given expression to that many times. Now, the masses of the country, as I have been reiterating, have a low purchasing power, and it could not be improved unless the articles produced by them fetch them better prices and that again depends upon the well-being of the country, which again further depends upon industry and trade. Now let us see whether this Bill which imposes a tax as the goods change from one hand to another on all products, be it raw products, agricultural products or finished products, can improve the condition of the masses, whether it would fetch them more money and thus raise the level of living of the people. My submission to the House through you, Sir, is that if the Government justify this measure on the ground that it will help the masses, they are wrong. But it is a different matter if they say that they want money and that therefore they are imposing taxes.

"It is well known that the ryot gets a very meagre income from what he produces. How is he going to improve his position, how is his purchasing power going to rise by this measure. (An hon. Member: 'By giving relief in respect of land taxes.') It may be very good propaganda to say to the ryots that you are going to reduce their land tax with the help of the money that you are going to get through this Bill. I submit with due deference to the other side that that is mere propaganda. The ryots are told that a reduction of a few annas in the rupee will be given to them and so the measure would be doing them good. The Hon. the Prime Minister said that the Opposition was blowing hot and cold and accused the Opposition of inconsistency, saying that at one time we said that

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the traders would be ruined and that at other times we said that it would be passed on to the consumer or to the ryot. I submit that inconsistency is all on the side of the Government and if anybody does it, it is they who blow hot and cold to suit the particular audience they are addressing. The Government tell the dealers that they could pass the tax on to the consumers and that therefore, they could not be affected; when they go to the country they tell them that it could not be passed over and so they would not be affected for the tax would be paid by the dealers themselves, it being taken away from their profits. But now the question is raised that the consumer is not the ryot. I want to point out that the produce which the ryot produces and brings to the market for sale will only fetch a lesser price than before. I shall take the case of groundnuts. The ryot gets Rs. 10 per cwt. But hereafter when he goes to the market the purchaser will make a calculation of the stages at which this tax will have to be paid and offer him the usual price *minus* the amount he has to pay by way of this tax, so that the ryot will get less money than before. But he is told that the land tax would be reduced. Is that correct; is that right? I submit it is mere propaganda. I do not think it fair to make propaganda of that kind.

"I have already pointed out how even agricultural products are also to be taxed and I will explain how it would affect the ryots. You know, Sir, that the prices of some of these articles which are called commercial crops, for instance, groundnuts, linseed and tobacco are controlled not by the local market but by the international market and this is a telling instance where our agriculturists would suffer on account of his getting a lesser amount of money. What is the few annas in the rupee you are going to give him by way of relief from the land-tax before the loss to which he will be put in the process of his selling his produce? When it was said that this tax was going to affect everybody, the Hon. the Revenue Minister told the House that it was not so but that only the townspeople would be affected and the ryots would not be affected. But the Hon. the Premier said that if it is a tax which affects everybody, men, women and children, it is a good tax. We do not know on what basis we have to argue the matter. At any rate it is wrong to say that the villager does not purchase anything which is sold in the market which is taxable and which is not taxed once or twice but as many times as it changes hands. You know, Sir, that there are some areas which do not grow some agricultural products at all and they must be imported from one part of the country to another. During the transit, say from Malabar to Ganjam, it is the wholesaler that purchases and sends them to that place and he would have paid that tax and the agriculturists being in need of that article, buy

it. It is wrong to say that the village people would not be affected. For instance, there are certain tracts where nothing but paddy is grown and they will have to purchase the rest of their requirements. To maintain themselves and their families, people in such places keep back a portion of their produce for their own requirements and sell the rest in the market; and as I explained to you, the agriculturist gets less price there. As for the purchase of his other necessaries of life, those articles are taxed at one, two or more points. It is wrong, therefore, to say that the villagers are not affected at all. It may be, Sir, that the townsmen are
-45 more affected.

p.m. "So, I submit that the levy of this tax has not been proved to be beneficial for trade purposes. It has not been shown how our adverse balance of trade can be set right. It has not been shown that the villagers, the masses, are unaffected at all. On the other hand, I shall be able to prove that in order that the purchasing power of the masses might rise, there must be more money brought into this country. You can get more money into this country only in two ways. One is by exporting more articles and importing less articles and making your country produce all that you want and thus raising the level of the masses, thus raising the purchasing power of the masses. This again is done by several methods. In the case of the agriculturist, it is done by intensive cultivation and marketing his produce, controlling the markets and getting more money according to the market rate. The national income can be augmented by encouraging industry and manufacture. Sir, if you do all these things you will be raising the purchasing power of the masses; and then, the whole country will be prosperous and money will flow into your treasury. Sir, if you are advancing this argument to justify this measure of taxation, I submit, you will be beginning at the wrong end. Begin at the right end, enrich the country, enrich the masses, raise their purchasing power and money will flow into your treasury; not in this way that you are now doing it. This is not going to help the ryot. Don't tell them that this is all done for the masses; for the ryots will be misled by these arguments.

"One word more, Sir. It is admitted by the Government that this is an experiment. The Hon. the Prime Minister has said, 'You cannot do anything unless you venture. You should not retract if you have difficulties to face.' It is a very good idea. In fact you cannot do anything unless you are venturesome. What I submit is, now that you are doing it, please begin with a small tax. If really there is not going to be any repercussions, I don't mind it. But the apprehensions are to the contrary. The Chair knows very well that the Government are the friends of the masses; how far they are so, all of us know. And yet, we feel, no case has been made out to prove that this tax will not be

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injurious to the masses. So begin with small trials; begin the tax at $\frac{1}{8}$ per cent; let us see how the experiment works; for it is really good for the people to be habituated to it; and when everything has calmed down, then is the time slowly to raise the tax. You have always to proceed with the help of the people. So I appeal to the Government to reconsider the motion and I appeal to them to yield to the sincere advice of the Opposition. It has been admitted by the Premier's Parliamentary Secretary that there is spontaneous opposition to this measure; it is not engineered by anybody. The people are quite sceptic about the effects of the tax on them. We sincerely believe that the tax might affect all persons; trade will suffer and the country too will suffer. So I appeal to the Government to accept at least the $\frac{1}{4}$ per cent rate, if not the $\frac{1}{8}$ per cent rate."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"Mr. Speaker, rightly much time has been spent on a discussion of this amendment. As I have said earlier in the debate and also on the Bill when introduced, if the Government had put in a lower rate, or had amended the present rate by substituting a reasonable rate, much of the opposition would have been saved. Sir, I do not wish to take up the time of the House again by describing the volume of the opposition to the measure in general and to the provision relating to the rate in particular. I only wish to say that it is to be regretted that even after knowing the strength of the agitation the Government are determined to carry through the measure. Responsible commercial organizations have authoritatively conceded and said that they will agree to a rate not exceeding $\frac{1}{8}$ per cent. Sir, it is not necessary for me at this stage to adduce arguments for rates lower than $\frac{1}{8}$ per cent. For after so much discussion and after we know so much of the attitude of the Government on the question of the rate, it is absolutely unnecessary for any member of the House to plead for a rate lower than $\frac{1}{8}$ per cent. Suggestions have been made from the Treasury Bench that bullion and other similar goods have been exempted. They were given, because even rates lower than $\frac{1}{8}$ per cent cannot be levied on those commodities. I shall only answer that way and stop with that.

"Sir, I complained when the Bill was introduced and when the Bill was considered in the Select Committee and when the Bill as amended by the Select Committee was taken up for consideration, that the Government had not come forward with any data, and also that if they had any information they would have given it. But to-day, this House is told by an Hon. Member of the Cabinet that this is a tax on exports, imports and internal trade; and after adding a few items together and deducting a few items from that, he said that 300 crores will be the sum total of the trade. Calculating the tax on that he said Government expect an income of $1\frac{1}{2}$ crores from this tax, and that 75

lakhs will be collected this year. I do not know, Sir, how far it is correct; still, I do not dispute that; because I am not armed with the figures. If the Hon. the Revenue Minister or the Government had come forward with this information earlier in the debate, it would have helped us, Sir, to study the matter. I would have consulted other commercial bodies and persons who could throw some light on the subject, and then have come forward here with criticism, probably accepting some points and expressing doubts with regard to some others. Therefore, we say, that, while we appreciate the attempt of the Hon. Revenue Minister to give some figures, it is unfortunate that he should come forward with them at this late stage in the debate; it is of no use, as it does not help us in any way. I may also tell him that it even embarrassed me, because I would take it only as a mere conjecture on which I cannot rely; for it is impossible for any one to give details off hand. The Hon. the Revenue Minister was not able to quote from any document.

" It was said that the object of the Government was to finance Prohibition and remissions of land revenue. If that were so, the income from this tax should be nearly 5 crores. I only wish to show how varying the estimates could be; and also how the Government should give the same weight to our estimates as we give to theirs. There are apprehensions that ½ per cent will work as an engine of oppression. Sir, I only point out to these varying figures to strengthen my argument, that till we find for some time what the exact return of the tax will be, it will not be possible to give an estimate. Therefore, I submit, the general public and commercial bodies have stressed very strongly on this; and they have been strengthened by the leading journals of the city, which have said, a low rate to start with will be the wisest thing for the Government to adopt. Even the *Hindu*, Sir, which paper, hon. Members will agree, is not unsympathetic towards the Government—has stated to-day that it would be better to start with a low rate."

THE HON. SRI C. RAJAGOPALACHARIAR:—" It supports the Opposition also sometimes." (Laughter.)

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" The Hon. the Premier says that the *Hindu* supports the Opposition also sometimes. Yes, Sir, I grant that occasionally when the *Hindu* supports the contention of the Opposition, there is nothing wrong in it. It only shows how justified the contention of the Opposition is. When a paper that strongly supports the Government feels like that, prudence demands that a low rate should be accepted to start with. I know the *Hindu* has approved the sales tax, but it demands that the Government should go slow."

THE HON. SRI T. PRAKASAM:—" What does the *Madras Mail* say?"

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"I am very thankful for the interruption. The *Madras Mail* criticizes the sales tax *in toto*. It has also criticized the tobacco tax to a great extent. I will only say it would have been better if the Government had taken up the arguments and replied to them. I am not prepared to say that the arguments adduced by the *Madras Mail* are sound. At any rate, that is my opinion. Others may differ. But I may say, so far as the sales tax is concerned, the *Madras Mail* is very discreet and very dignified in its opposition to the Government."

AN HON. MEMBER:—"You are living in the newspaper world."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"We are still living in the newspaper world. Everybody expects to survive newspaper criticism. Good criticism of newspapers also should be appreciated and given weight. Newspapers reflect public opinion and in a matter like this, I do not think that the newspapers have swerved from the right path. 6 p.m.

"Sir, the Hon. the Premier referred—I do not know when—to the practice of *mahimai*, and said that *mahimai* existed even to-day at 3 pics in the rupee and therefore contended that this one pie tax in the rupee must be accepted by the people. I can say there are several businesses in the country where there is no *mahimai* at all to-day. There are some businesses which are having the system of *mahimai* and there are several other businesses in this country where there is no *mahimai* at all.

"The Hon. the Revenue Minister made pointed reference to the exemption given to cotton and also elaborated his point by going into the other stages up to cloth-making, and stated how much of our cotton goes out of the country and comes back in the shape of cloth. If you would encourage home-made cloth, you should go still further and see that no cloth manufactured in this country is taxed. To-day what the Committee have done is to exempt cotton and yarn, but they have not exempted mill-made cloth. But the Hon. the Revenue Minister has pointed to those who are still patronising foreign cloth. If you want to see the day when foreign cloth will not be patronised in India, you should go still further and exempt mill-made cloth of this country from the sales tax and thus give the advantage to the cloth that is made in our country from our materials over the imported cloth. I want to use his own arguments and say that the exemptions should be still further extended according to his own arguments.

"I do not wish to take up the time of the House by carrying on an open negotiation with the Hon. the Premier. That stage has passed. The reply that he gave to 'five rupees' amendment, has made us believe that he is not likely to accept any further

amendment. But I shall be only too happy if he changes his mind now, after hearing the powerful arguments advanced since then. I wish to draw the attention of the Government to the very strong feeling in this country over this matter. If there is a crisis and if the Government are immediately faced with a deficit of 2 crores or 1½ crores, probably we can appeal to the sympathy of the public. But to-day however much we may speak of the future liability—I concede it may be the correct financier's position—we do not know what the future will be. If the Government knew what it would be, they could have come before the House and said, 'The future is going to be like this, and we want money and therefore we are going to levy this tax.' A position of that magnitude has not come till now. It is not possible to induce the taxpayer to pay so easily. Therefore while accepting this principle, if the Hon. the Premier would start with ⅛ per cent and then after working it for a year comes before the House for an increased rate, saying that he has had to extend Prohibition to so many districts and that therefore he wants more money, then we can think of it. Even now we do not know in how many more districts he wants to introduce Prohibition in the coming year, whether two, three or four districts. (Interruption.) Sir, the Prime Minister says, 'Are you not satisfied?' I am perfectly right when I say that I am not satisfied. I am perfectly entitled to say that, inasmuch as he has not told us how many districts are proposed to be made dry. At this stage he is not entitled to reply; he must have done it much earlier in the debate. If he had said, 'These are the half-a-dozen districts more; therefore you must pay', then, according to the success of his policy of Prohibition, we would have supported fully or partially the taxation measure. Therefore, I contend that no emergency has arisen to levy this tax.

"The Prime Minister quoted other countries in support of this tax. I shall dismiss that argument by saying that our country is not on a par with those countries; there is nothing in common to compare. They are wasting their money on armaments, probably to save themselves. We are not in that position. Our politicians at the Centre are fighting against the expenditure on armaments. With a big navy some 9,000 and odd miles away, we do not have even a single warship here. I shall not discuss the military budget here. I want to say that such is the mentality of our politicians in India. Probably the same politicians who now say this, may say later on something else in favour of more armaments. Probably an emergency may arise; then we will be prepared to accept the new tax. The Prime Minister may ask, 'When you are prepared to agree to such taxation in an emergency, why don't you agree to this when there is the Prohibition emergency?' But I may, Sir, with the information that he has been able to give us, that we will not be justified in accepting this greater taxation,

though he might have made out a case for this extra taxation in principle. Therefore, I contend that there is absolutely no necessity for raising this half per cent tax. He will not at all be a loser. I don't think that he could have expected a more reasonable opposition from the Opposition benches and also from the public and from the commercial bodies on this question of rates. It will be a catastrophe if the Government do not realise this. It will be really very, very inopportune and I would very much regret if the Government do not give their special consideration to public opinion on this matter. Somehow men of our persuasion feel that on this matter recognised public bodies have gone really out of their way to accept the principle of the taxation. I can say, Sir, that by not accepting the lower rate, the Government will be increasing the volume of opposition and people will be only driven to despair. That is the feeling of the people. The Hon. Premier will see that they have raised the protest after taking into consideration all the aspects of the Bill. That is a common human instinct which the Hon. the Premier, I am sure, will realize and appreciate. But that should not be the reason for any statesman to be very exacting. I am sure that the Government should also come down; it does not mean loss of prestige on the part of the Government; there is no question of prestige at all. I can say that no body on this side or the public will say that the Government have done this because of the Opposition. They would only feel that the case of the people who are going to suffer has been heard. That is what they will say. That will be a great relief.

"I feel, Sir, that we have reached the most crucial moment in the discussion of this Bill when the Government have to give their fullest consideration. I would ask the Prime Minister to decide the matter now itself. The first decision on the licence fee need not worry us. If he decides this question of rate favourably that will be the most important thing. By making his decision for lowering this tax, he will not be changing the frame-work of the Bill, if he is willing to undertake it even at this late stage.

"Mr. Speaker, I have got always more sympathy from the public when I say that I want to lessen the tax. That is a common thing; there is nothing wrong in it. But, here I cannot be taking advantage of the usual feeling of the people in favour of a person who wants less tax. I feel convinced that there is no case of emergency and I have pointedly referred also to the suggestion that the merchants do not share in the burden of taxation. I still contend and repeat with emphasis that but for the merchants paying to the coffers of the Government of India, the Government of India would not have allotted the sales tax to the Local Government. If income-tax had been denied to the Government of India, they would have denied the sales tax to the Provinces. The sales tax and some other taxes will be the exclusive privilege of the Government of India. I have no brief for the Government of India. I

only give this as a matter of information, as I read the schedule to the Government of India Act.

" I now wish to say in further support of the amendment which is moved by my hon. Friend Mr. Abdul Hameed Khan that $\frac{1}{8}$ per cent will be enough. All the arguments that I have now placed before the House are sufficient to induce the Government to accept that proposition, particularly in view of the fact that it does not mean that the Government should not come forward later on with figures in their support for further taxation. The House is not going to be abolished; the Government are not going to run away. They are going to be here for some time. (Interruption.) If we are going to be on the other side of the House, there will not be this tax. I need not worry about it now. By accepting the suggestion of the $\frac{1}{8}$ per cent the Government are not going to lose.
·15 m. Sir, after the discussion that has taken place so far, we feel strongly that we are justified in demanding the Government to accept $\frac{1}{8}$ per cent. I sincerely hope that even now it is not too late and even this last chance will not be lost."

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, I quite appreciate the earnestness and the solemnity of the gesture and the chance which the Leader of the Opposition said that he offered to the Government. I do not take it in a light-hearted manner or in an obstinate manner; nor need friends on the other side imagine that while I say all this I am merely pretending to save the obstinacy of which I am going to be guilty if judged merely from the crudeness of its external appearance.

" Many general statements have been made very properly in the course of the discussion on this most important part, the operative part, of the Bill. Naturally all the general principles involved and the results and consequences of the Bill as a whole, were referred to. Though these statements would have been more appropriate during the general discussion and would be more appropriate when, for instance, speaking on the third reading, yet I admit that the rate, being the most important part of the whole proposal and being finally that point of the Bill on which the Opposition seeks to direct its attack, has furnished the occasion for criticising the entire procedure, the entire Bill, the entire mentality of the Government.

" Mr. Langley spoke yesterday, and I was mistaken in hoping that he would be here to-day. Anything that rises to my mind would be said with reference to what he said and went away and will have therefore to be postponed to a more appropriate occasion. Just now it is not appropriate, because they were far too general and it would not be right for me to say such things as I would like to say in connexion with what he said on this occasion of the rate debate; it is not appropriate for the other obvious reason that

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he is not here. So I propose to revert to it if I feel so inclined, Sir, with your permission, at a later stage of this debate.

"I am glad, however, that bitter opponent as Mr. Ahmed Batcha is, he was at least kind enough to state that I have not been always so unreasonable as I seem to be now. He went out of his way to state things in recognition of a temporary fit of reasonableness on my part during the proceedings of the Select Committee, for which I thank him. He at least recognized that I could be sincere and reasonable, not merely in saying things but actually doing reasonable things also, and he was kind enough to state that many things were done but that this rate issue remained over for me to show my reasonableness, and he asked me to show my reasonableness now in that respect. In my humble opinion, Sir, the best part of bargaining work, if not the whole of it, should be done in the Select Committee. It is only general principles and what remains over necessarily in legislative procedure that is to be done in the whole House. When a case has been submitted to the Select Committee and all elements in the House are represented therein, with adequate and reasonable weightage for those who are not large enough in the House to make their opinion felt, it was therefore right on my part to expect that this debate here would not again revert to every one of the points that had been settled in the Select Committee. But I find that dealing with a measure which deals with people brought up in the tradition of bargaining, living in an atmosphere of bargaining from morning till night, they have thought that even in legislation they must follow up the same way and that up till the last point they must keep bargaining. I do not complain I can understand it and as we must progress slowly, I shall not complain even about this. I hope one day, however, that we shall see that all these things should be finished in the Select Committee and that we cannot continue bargaining till the very end. But we must make up our minds there one way or the other, to be wise or to be foolish. We must settle these matters in the Select Committee so far as details go.

"Mr. Ahmed Batcha and many other members insisted on one point. They refused to accept the general principle which I tried to put forward with the authority of so great a man as Mr. Lloyd George. They refused to accept it in substance, though they paid homage to it. They say, 'Prove your immediate needs; show us how much your immediate needs are. If you like, we can go forward for a year out of deference to what Mr. Lloyd George has said in literal terms; but we cannot go beyond that.' But, that, Sir, was not the object with which I quoted Mr. Lloyd George; nor did Mr. Lloyd George lay down any such doctrine. If we understand a thing done as a precedent, we should understand it in correct and true principle. The true principle, if we

accept Mr. Lloyd George's principle, is this: that it is not merely the temporary amount that has to be made up, but it is the trend of your policy that has to be provided for. That is the principle. Now, things which he had to face are wholely different from the things which we have to face. Yet the principle is the same. What is the direction of the policy that we have taken? What is it likely to lead to in concrete financial terms and what shall we do to provide for it? If something has to be done by way of taxation in order to provide for that, I am justified in quoting Mr. Lloyd George and saying that we must provide a tax which will at least go as far as possible in the direction of filling up the whole gap which we are bound to find, if not to-day, at least in the near future. That is the general principle.

"Now, Sir, it may be difficult to find out what exactly is the revenue that will be yielded by this sales tax. It is difficult, everyone has admitted. I am glad that members of the Opposition do not charge us with dereliction of duty but assume along with us that it is not easy, that it is not possible to make an estimate, and leave it at that. Now, I admit that is a difficult thing. But is it difficult to know how much we have to make up? That is in the yearly budget of this Government for the last so many years. The deficit that is bound to be met is readable. In the budget of any year of the last twenty years we have got anything from 4 to 6 crores as the revenue that we derived from one source which we have to make up now. We have to make up therefore at least 4 crores. If any hon. Member on the Opposition side had been able to say even on a conjectural basis, from any point of view—arithmetical or statistical—'½ per cent will give you more than 4 crores,' I was bound to revise the rate. But beyond finding fault with the nature of the tax itself, beyond finding fault with its possible consequences, beyond finding fault with the fact that we can only go on conjecture which cannot be remedied, nobody has dared to assert even, apart from proving, that on the ½ per cent basis we shall get, not to speak of more than 4 crores, anything even like 4 crores of rupees. Therefore, Sir, I claim that no case has been made out for reducing the ½ per cent. A case may have been made out for giving up the whole of the sales tax; a case may have been made out that we can do nothing and that we must bring back the liquor trade; a case may have been made out that the whole policy is wrong. But a case has not been made out, I venture to submit, that ½ per cent is wrong and that ¼ per cent would be nearer the right.

"On the other hand let us consider the other side of the matter and see how much this tax is going to yield. I pointed out already, Sir, that nothing beyond a very, very remote guess is possible. The Leader of the Opposition pointed out that better statisticians, if they had been given notice in what direction the

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Minister for Revenue would argue, may have been able to show that those arguments were wrong. Does that carry us very far? Let me venture, therefore, to suggest that by whatever means we may calculate, by whatever method we may approach it, we have only this much, nothing more than a crore or a crore and a half. You may approach it any way you like. You will not get more. If you get more we shall not be sorry, because the purchasing power of the people is better than we had anticipated, or has become better than it was, or because really things are not so bad as we thought. We shall not be sorry.

" But as things are to-day let us approach it from either of the two points by which we could approach it. I do not think the Southern India Chamber of Commerce which tried to make a calculation and put it before us took up any other method in essence than what the Revenue Minister took up. Taking the volume of trade and multiplying it by an arbitrarily fixed coefficient, saying how many stages there will be in the business, they arrived at certain conclusions. Now, the Revenue Minister has taken the whole of the volume of trade. I can find fault with it. It is not necessary for any statistician to come in at all. All statistics can be found fault with even by a layman like me. I could show that the volume of trade is not so scientifically calculated as it appears to be when it appears in print full of abstruse figures. There are many holes in it which I can pick myself. But it is fairly correct as statisticians and politicians swear generally by this method of calculation. The exports and imports are taken and the whole thing is mixed up together. Now in a country like ours that kind of calculation will go very wrong, I know. But assuming it all to be correct even, it will not err on the wrong side; it would not err on the side of showing up a greater volume of receipt. If at all it errs, it errs on the side of showing a greater volume of revenue than the actual might be. It is shown, by assuming the volume of trade as shown by these figures and allowing for the several stages of these sales, you will arrive at a crore and not much more of revenue from this tax.

6 30 p.m.

" You may approach it from another point of view, that is to say, nobody can buy more than he could buy, and this country consists only of so many people and that was Mr. Varadachariar's way of going into it. He said that here are 4 crores of people and here is the purchasing power of 50 rupees a man at the most; multiplying them, you will get at 200 crores. Now assuming, as you know, that most part of the purchasing power is expended on the producing place, namely, the field itself or the loom itself, it would not be far wrong—it would be very wrong perhaps on the side of the Government but does not at all err on the side of the Opposition—if we say that only a fourth of that purchasing power will be utilized in the channels at which this tax can be

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applied; it would be therefore only 50 crores. Multiply this by the coefficient that I offered for the number of stages. All the 4 crores of people's purchasing power will not be utilized in the purchase of foreign goods. They are not going to buy Horlicks Malted Milk or other things imported from abroad passing through half a dozen hands. Assuming most generously that everything passes through four hands, let us multiply it by four. It would only come to 200 crores. And then what is the percentage of the tax? At ½ per cent it will yield no more than a crore.

"Sir, these are mere conjectures, but any error in this conjecture will be an error against the Government and it will not be an error on the other side. We would not get so much. If we get much more I may at once say this for this Government or whichever Government that stands in my place: 'Seize me by the top knot in March next and say, here you have more than what you had expected; reduce the rate immediately.' Who can withstand that request? Who can oppose such a proposal? If proposals are made for expenditure, for wasting money which is ill-gotten, surely this House is here. The Opposition need not rest either. All the 215 Members on this side will rise against such a proposal. I have no hesitation in saying that I will be taken down from this throne of thorns that I am now occupying and put in my proper place, if I venture to waste money in this manner. Sir, this is unnecessary apprehension based upon conjectural basis, even worse than conjectural basis. Whatever possible approach with reference to calculations can be taken, we cannot get more than a crore or a crore and a half at the most.

"Immediately the Opposition can turn round and tell me, 'What then about the 4 crores that you wanted to make up? What is the use of this?' Sir, it is a choice of evils. There is nothing available and this is the biggest thing available. It is true that it is only a crore and a half but surely it is not negligible. Therefore, we must take it in order to make up that gap. This is my justification, Sir, for the ½ per cent. It is possible that this 1½ crores or 1 crore that I try to get might be made up in other ways, by retrenchment and sacrifice, by giving up even good things. All that may be possible may be done, but it would be something nearing the gap. It would not be a jump across the whole gap, but it is something which a decent Government can do. But if you reduce it to ¼ or ⅛ or 1/16 per cent, what is it for? Is the object of this Government merely to cause pain to people sitting on the opposite benches? Certainly not. It is not good; it is not wise; it is not reasonable; it is wrong. I object to all the expressions that have been used with reference to concession, with reference to reasonableness and so on. We have made no concessions. I do not call them concessions. No concession was made. If a thing is conceded, it may be called by the

name 'concession.' Why is it made? It is made because it is satisfactory; it is made because it is reasonable. There is no question of concession. It is a wrong word to use for anything given in this manner. While I said this, let me apply the same principle to the other side. The Leader of the Opposition was not right in saying the commercial community have gone out of their way in accepting the principle of this Bill. They have not gone out of their way at all. They have not done anything except this, and it is not going out of the way. It is necessary to raise money. It is necessary and it is right and proper for us to give up the drink trade. It is necessary to put a tax to make up this revenue. It is no concession to the other side. It is not right for you to say that you have given this or that to the other side.

"It is equally wrong, Sir, for Mr. Ahmed Batcha to seize what has been done and to argue from below upwards. That would be something like the tail wagging the dog. We have fixed five rupees generally for all sales between Rs. 10,000 and Rs. 20,000. He says, 'Let me take the Rs. 20,000 top and calculate using my first form arithmetic, what the 60 rupees per annum for the 20,000 works out and say, "You have been contradicting yourself; fix this rate for all the sales in this country above Rs. 20,000."' It is really the tail that we had let off and it is wrong for that tail to try to wag the whole dog. I hope I am not using this figure of speech out of disrespect, but I am using this language because it is a homely way of putting this general principle. A wrong done with respect to a particular item, or a concession made with respect to a particular item, or an expenditure undertaken in respect of a particular item for a particular reason, should not be made the ground for changing the principle of approach or the method to be applied to the mass as a whole. Which is big, which is small—this must be first settled. With the small we can deal as we like. That is why the tail may wag just as it likes, but if the dog begins to be wagged by the tail, it may go all wrong. Therefore it is not right to argue topsy-turvy. It is wrong to say that because five rupees has been fixed, the whole rate should be changed. It is characteristic of him, if I may say so. Even there, he did not seize Rs. 10,000 for working up the percentage. He seized Rs. 20,000. Now if we take the 10,000, he could have put it the other way about. You are putting five rupees, that is 60 rupees per annum on a man whose turnover is only 10,000. You have put upon him a higher tax than ½ per cent. He could have shown me to be contradictory in that way also. But it will not do. Rupees 5 per month or Rs. 60 per annum is a proper tax. A business which is not able to pay five rupees a month, surely is not worth running; it is undercutting one another; it is not business. It is merely ruining one another and it is not business. That is what Mr. Yakub Hasan meant to urge when he said that surely if a business is not able to pay Rs. 5, it is not

really worth running. It is considered reason which compels me to say that the ½ per cent is not an unreasonable figure, which compels me to defend my figure and say that I am not guilty of unreasonableness or obstinacy when I say that there is no way other than this tax and there is no way other than this Bill. Even now, Sir, if in the course of the following clauses hon. Members are able to show that we can get much more than what I have said, I shall not stand on any technical ground that the clause has been passed. I shall certainly be able to show that I am not made of that stuff. I shall certainly be reasonable. But I can challenge and I think I have fairly reasonable grounds to feel that it is not possible to get more. It is quite possible to prove that the whole thing is wrong, but it is not possible to prove that ½ per cent is wrong in the scheme of the sales tax that we have before us and which has been approved by the Select Committee.

"Sir, it was stated by Mr. Krishnamachariar representing a most important group of trade and business interests in this country, 'You may be right; you may be true. But here is an unpleasant thing you have to do; here is a risky thing that you have to do. You may call it bacillus, you may call it poison, you may call it by any name; but it is an unpleasant thing, a risky thing, a thing that may cause harm. You say that you do it in order to do greater good. Therefore cultivate tolerance in the patient and give some sub-lethal doses, which is very important.' It is an established rule in medical practice and it contains a universal truth adopted for the purpose of this taxation. I quite agree with the principle. Not only that. Though many analogies and parables have been given in this House, I say that this is one of the best parables uttered here. I have no quarrel with it whatsoever, because it is this kind of argument which makes a thing clear, and which does not make the thing clear by an irrelevant thing, but by something which contains the same truth which ought to be applied with reference to the subject on hand. But it does not contain the whole truth. That is my answer. It is quite right, if we wanted and if circumstances were favourable; if the doctor could again come and treat the patient; if the patient was a permanent patient for the doctor and if the doctor was a standing doctor for the patient; if the patient had faith in the doctor and the doctor could therefore apply his principles. It is quite possible that we could start with 1/16 per cent this year, make it ⅛ per cent next year and ¼ per cent the year after
5 next. But, Sir, there is a point at which the case differs.
1. Up to a point the idea is the same for both. But there are some points where the cases differ and the man who applies a precedent or an analogy has to be aware of that. That is all I wish to say with reference to the position taken up by Mr. T. T. Krishnamachariar. After all that we have done, if we get away with a Bill

with the promise to levy $\frac{1}{4}$ per cent,—I put it at the highest, $\frac{1}{4}$ per cent, and I shall not speak of $\frac{1}{8}$ or 1/16 per cent—I for one do not feel that any Government will be able to come again and ask the people to go through this torture with an additional tax. The patient will die—not because of the actual dose, but on account of the shock of it—on the table. It is administered every year to the consumers, it is true. But it is another thing to raise the tax. This Government feel that we cannot possibly or safely or wisely repeat this process of taxation. May be, Mr. Krishnamachariar was very generous. He forgot all the new despotism; he forgot all the theory about the new despotism and said, 'We shall give you even executive power to raise the tax from $\frac{1}{4}$ to $\frac{1}{2}$ per cent. If you feel it necessary, we shall give that much in order to get you accept this particular reasonableness on our part. Start with $\frac{1}{4}$ per cent and better take power to go up to $\frac{1}{2}$ per cent.' But this question of rate makes no difference whether it is done in the form of a Bill in the Legislature or it is done by executive authority. If it is done by executive authority, it will cause much more pain, I imagine, than the pain inflicted by the process of law-making. My answer therefore, briefly, is this: that we cannot agree to this graduation of the tax. If $\frac{1}{2}$ per cent is reasonable, we cannot agree to the graduation of that $\frac{1}{2}$ per cent into two stages, because of the necessary irritation and pain that any measure of taxation involves. It is not possible.

"After all, hon. Members sitting Opposite must realize and must even appreciate the daring—the obstinacy you may call it, you can call it by any good or bad name—and the persistence with which we have taken the step of offering to levy a tax on the people straightaway. When everybody imagines that we are daily making purchases in the popularity market, when every act of ours is interpreted in the sense of something done to please the people and get votes, we have gone out of our way to take courage in both our hands and said: 'We cannot legislate or administer the Province unless you pay this tax.' We have a feeling that we alone can deliver the goods. No other Government can levy this tax. The other Governments could only levy the old taxes, good or bad. An earlier Government attempted to levy a tobacco tax. They went very near it, but fell back at the right moment. No other Government can levy a new tax on the people. They can no doubt freely take away the taxes and give remissions and all that. But it is only this Government that can possibly propose a tax and we have not shirked that duty. Should not the Opposition appreciate this? Should it shirk its duty? They have done it over and over again and have tried to make it as difficult as possible for us and for everybody. It is not generous; it is not fair. This, Sir, is my defence for sticking to the $\frac{1}{2}$ per cent rate. It is not my obstinacy; it is my close considered reasoning. I may be wrong, but it is not obstinacy. It is as a result of deep consideration of the

situation in my own mind that I have arrived at this result. But *I am willing to accept all reasonable things coming from the party* opposite.

" It was said that I made the Opposition desperate. It was said that I made it almost hopeless for the other side by saying when I introduced the Bill amended that we are not in a position to accept any reduction in the rates and so on. The hon. the Leader of the Opposition appeared to make a grievance of it. He called it a knock-out blow. It was not a knock-out blow; it knocked down nobody. The Opposition meant to say, I think, that I exhibited my unreasonableness even at the outset and that there was therefore very little chance left. That is the plain meaning of it. Sir, in order that I may not commit a mistake, I asked the Secretary to give me an uncorrected copy of the report. I have got it here. What did I say? I have referred there to the summary of the amendments of which notice had been given. I summarized all the major amendments and said: ' Some refer to enhancing the exemption limit, some refer to the increase of the block limit and some refer to reducing the rate.' And I wound up by saying that there was another major amendment advocating the postponement of the operation of the Act to 1st April 1940. I referred to these things on that occasion just to make the position clear so that those who move those amendments might see that the Government want all the arguments to be put forward, because they were not satisfied with the correctness of the arguments so far advanced. I gave notice, so to say, that those who move the amendments should reinforce their amendments with reasons which would convince the House of their soundness. Is this unfair? I should have been unfair, if I had pretended to be satisfied with their reasonableness and then rose at each stage and made my defence. If I had acted in that manner, it would have been unfair. Instead of this, I started by saying: ' This is how I feel. Please reinforce all your *arguments. Do not leave anything aside, thinking that I have* been convinced about its necessity.' This, I submit, is not an act of unfairness for which I should be blamed and told that I am breaking the hopes of the Opposition. It was something done to incite the Opposition to its full strength, activity, energy and vigilance. Therefore it was that I said it. It has not proved to be a mistake. All arguments have been put forward.

" *Then again, when the order of the amendments was changed* and when the procedure was altered to fit in with the best practice, I again and again gave notice that at the first opportunity the principle of the reduction should be discussed. I did not want to run away from the debate by any change of procedure. I have tried to be fair; I have tried to be reasonable and I have tried to reason within myself. It is on that ground that I oppose the reduction. Let me not be misunderstood; I confess, I may be wrong. But so long as we are responsible we can only act according to our

convictions. Sir, we cannot do any good to this Province unless we raise this tax and unless we levy this tax. There is no doubt about it.

" Much was said, again, in the course of the debate, with reference to the phrase that was used in the course of our arguments about the shifting of the burden of tax from the rural to the urban population. Many mistakes have been made and many assumptions have been made in this connexion. But this is not the time to go into them. I will state briefly what I have to say about them, after all the amendments have been disposed of and when I move for the passing of the Bill into law; I shall be able to show then what the object of the measure is. It is not to create industries. By this Bill itself we cannot create industries, just as by passing a Health Bill we cannot improve the health of our citizens. The Sales Tax cannot produce sales. At the same time, it is not as if we imagine that it is worthless in that respect. It is useful in that respect also. But the primary object is revenue. I shall be able to show also that many of the assumptions that were entertained in the course of the arguments with reference to shifting the burden of taxation are also wrong. I shall show precisely what exactly we want. The consumer is different from the rural citizen. One consumer is different from another consumer. What we wish to do in this taxation measure is to bring about a juster settlement of the tax burden upon the people who contribute towards the expenditure of the State. But that is not the only object. Revenue is the object, but in getting that revenue, we take as the first step, so to say, to regulate the burden of taxation in a more proper manner than hitherto it has been laid upon the people. The consumer is a man who buys another man's labour or the produce of other people. The man who sells his own produce has been taxed hitherto. But the man who sells other people's produce is now proposed to be taxed. I shall not go beyond saying that, because that does not fall exclusively within this clause.

" I have said all that I desire to say with respect to the rate. The question is, as you put it, whether the half per cent should remain in the Bill. It is in that form I assume the question has been put. I therefore appeal to the House that the half per cent should remain as it is put in the Bill."

MR. SPEAKER:—" The original question was that clause 3 stand part of the Bill. An amendment was proposed to it to leave out the words ' one half of one per cent ' in column (2) of sub-clause (1)—item (*b*) and insert the words ' one-eighth of one per cent.' The question now is—

> ' *that the words proposed to be left out, viz., the words " one half of one per cent " in column (2) of sub-clause (1)—item (b) stand part of the clause* '."

The question was put and declared carried.

Mr. Abdul Hameed Khan demanded a poll and the House divided as follows:—

Ayes.

1 The Hon. Sri C. Rajagopalachariar.
2 „ Sri T. Prakasam.
3 „ Mr. Yakub Hasan.
4 Mrs. A. Rukmini Lakshmipathi.
5 Sri A. Kaleswara Rao.
6 „ T. Viswanathan.
7 „ K. P. Yegneswara Sarma.
8 „ V. Venkatasubbayya.
9 „ R. Venkatasubba Reddiyar.
10 „ P Venkatarama Ayyar.
11 „ K. Venkatappayya.
12 „ R. Venkatappa Nayudu.
13 „ P. T. Venkatachari.
14 „ B. Venkatachalam Pillai.
15 „ Gopavaram Venkata Reddi.
16 The Hon. Dr. P. Subbarayan.
17 „ Sri V. I Muniswami Pillai.
18 „ Sri V. V Giri.
19 Ahmed Thambi Muhammad Mohideen Maracair.
20 Sri N. S. Varadachari.
21 „ B. S. Murti.
22 „ K. Varadachariar.
23 „ P. Syamasundara Rao.
24 „ K. V. R. Swami.
25 „ C. P. Subbiah Mudaliyar.
26 „ P. Subbiah.
27 „ N. M. R. Subbaraman.
28 „ K. Subba Rao.
29 „ Karunakaran Subba Rao.
30 „ M. Subba Rao.
31 „ P. S. Srinivasa Ayyar.
32 „ D. S. Prasad.
33 The Hon. Sri S. Ramanathan.
34 „ „ B. Gopala Reddi.
35 „ „ C. J. Varkey.
36 Sri A. Vedaratnam Pillai.
37 „ M. Bapineedu.
38 „ M. Bhaktavatsalam.
39 „ H. Sita Rama Reddiyar.
40 „ B. T. Seshadri Achariar.
41 „ K. Shanmugham.
42 „ P. R. K. Sarma.
43 „ V. J. Samu Pillai.
44 „ K. Sakthivadivelu Gounder.
45 „ N. G. Ramaswami Nayudu.
46 „ K. S. Ramaswami Gounder.
47 „ D. V. Ramaswami.
48 „ A. Ramalingam.
49 „ D. Ramalinga Reddiyar.
50 „ T. N. Ramakrishna Reddi.
51 „ R. B. Ramakrishna Raju.
52 „ A. K. A. Ramachandra Reddiyar.
53 „ V. R. Perumal Chettiyar.
54 Sri M. P. Periyaswami.
55 „ P. Pedda Padalu.
56 „ C. R. Parthasarathi Ayyangar.
57 „ M. Pallam Raju.
58 „ V. K. Palaniswami Gounder.
59 „ P. Natesa Mudaliyar.
60 „ C. Narasimham.
61 „ P. L. Narasimha Raj.
62 „ S. Nagiah.
63 „ N. Nagaraja Ayyangar.
64 „ S. Nagappa.
65 „ S. T. P. Marimuthu Pillai.
66 „ M. Mariemuthu.
67 „ R. S. Manickam.
68 „ P. Madhavan.
69 Srimathi V. Lakshmi Ammal.
70 Sri P. Lakshmanaswami.
71 „ C. Venkata Reddi.
72 Srimathi A. V. Kuttimalu Amma.
73 Sri V. Kurmayya.
74 „ K. Kuppuswami Ayyar.
75 „ K. Kulasekaran.
76 „ L. Krishnaswami Bharathi.
77 „ G. Krishnamurthi.
78 „ S. Krishnan.
79 „ K. Koti Reddi.
80 „ K. Kolandavelu Nayanar.
81 „ A. Karunakara Menon.
82 „ K. R. Karant.
83 „ E. Kannan.
84 „ D. Kadirappa.
85 Mrs. Jebamoney Masilamoney.
86 Sri K. Ishwara.
87 „ N. Halasyam Ayyar.
88 „ S. Guruvulu.
89 „ V. J. Gupta.
90 „ C. K. Govindan Nayar.
91 „ A. R. A. S. Doraiswami Nadar.
92 „ M. Doraikannu.
93 „ M. P. Damodaram.
94 „ T. S. Chokkalingam Pillai.
95 „ P. Chinnamuthu.
96 „ O. Chengam Pillai.
97 „ G. Chelvapathi Chettiyar.
98 „ V. Bhuvarahan.
99 „ Y. V. A. Bhaskara Rao.
100 „ S. C. Balakrishnan.
101 „ Muthu Kr. Ar. Kr. Arunachalam Chettiyar.
102 „ N. Annamalai Pillai.
103 Srimathi Anjalai Ammal.
104 „ G. Ammanna Raja.
105 „ K. Lakshmi Ammal.
106 Sri G. Sivashanmugam Pillai.

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Noes.

1 Kumararaja M. A. Muthiah Chettiyar of Chettinad.
2 Sri Adimoolam Jamedar.
3 Khan Bahadur P. M. Attakoya Thangal.
4 Sri B. Bhaktavatsalu Nayudu.
5 Mir Akram Ali Sahib Bahadur.
6 Sri Grandhi Venkata Reddi.
7 Abdul Hameed Khan Sahib Bahadur.
8 Abdur Rahman Ali Rajah Arakal Sultan.
9 K. Abdur Rahman Khan Sahib Bahadur.
10 H. S. Hussain Sahib Bahadur.
11 A. K. Khader Kutty Sahib Bahadur.
12 Khan Sahib K. A. Shaik Dawood Sahib Bahadur.
13 V. S. T. Shaik Mansoor Tharaganar Sahib Bahadur.
14 D. Syed Ibrahim Sahib Bahadur.
15 Mahboob Ali Baig Sahib Bahadur.
16 M. Ahemed Batcha Sahib Bahadur.
17 Mr. G. H. Hodgson.
18 „ D. M Reid.
19 „ G. E. Walker.
20 Sri K. C. Saptharishi Reddiyar.
21 Mr. H. S. Town.
22 Sri R. M. Palat.
23 „ Rao Bahadur M. C. Rajah.
24 „ G. Krishna Rao.
25 Basheer Ahmed Sayeed Sahib Bahadur.
26 Sri T. T. Krishnamachariar.

Ayes 106. *Noes* 26. *Neutrals* Nil.

The question was carried.

The House then adjourned to meet again at 3 p.m. the next day.

IV.—PAPER LAID ON THE TABLE OF THE HOUSE.

* *Erratum to the scheme report for the settlement of* 103 *Agency villages of Palakonda taluk of the Vizagapatam district published as a supplement to the* Vizagapatam District Gazette *for August* 1938 *(English copy).*

* Laid on the table on 10th May 1939.

APPENDIX

[Vide answer to starred question No. 1373 asked by Sri Muthu Kr. Ar. Kr. Arunachalam Chettiyar at the meeting of the Legislative Assembly held on the 12th May 1939, page 786 supra.]

Improvements.	1935–36 (72 centres).	1936–37 (72 centres).	1937–38 (72 centres).
(1)	(2)	(3)	(4)
	ACS.	ACS.	ACS.
1 Introduction of improved varieties and strains of paddy	72,515	97,877	100.240
2 Planting of thin sown seedlings (paddy).	29,496	55,969	63,287
3 Green manuring	4,768	12,687	20,362
4 Introduction of Co. 213 sugarcane ..	4,452	6,297	7,218
5 Introduction of other improved varieties.	195	399	464
6 Wider planting in lines	3,370	6,814	6,476
7 Interculturing by bullock power ..	838	1,826	2,505
8 Planting with improved sugarcane seed material	5,374	5,898	6,142
9 Ragi strains	628	1,048	1,443
10 Ganti varieties	..	165	144
11 Graded jonna seed	563	981	1,693
12 Treatment of jonna seed against smut ..	602	658	1,540
13 Groundnut sowing in every furrow ..	2,859	7,041	17,376
14 Cultivation of plantain on improved lines.	555	571	1,125
	NUMBER.	NUMBER.	NUMBER.
15 Improved furnaces constructed	465	681	710
16 Iron banded sugarcane mills	292	228	55
17 Properly covered manure heaps and pits.	17,115	20,501	30,456
18 Conservation of urine	6,829	10,168	16,822
19 Composts	454	875	1,594
20 Sale of Cooper, Gurjur and Ridge ploughs	492	546	273
21 Pests and diseases tackled (excluding smut on cholam)	664	1,093	1,583
22 Bee-hives maintained	4	28	61
23 Sale of improved eggs	387	752	98
24 Sale of improved birds	85	337	307
25 Breeding bulls maintained under premium scheme	1	1	6
26 Demonstration plots	1,582	1,128	1,203
27 Trial plots	237	354	223
28 Demonstration with implements ..	..	1,705	2,998

THE MADRAS LEGISLATIVE ASSEMBLY.

Saturday, 13th May, 1939.

The House met in the Assembly Building, Chepauk, at three of the clock, Mr. Speaker (THE HON. SRI B. SAMBAMURTI) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Selection of the successor to the present Agent for India in Burma.

* 1377 *Q.*—BASHEER AHMED SAYEED SAHIB BAHADUR: Will the Hon. the Prime Minister be pleased to state—

(*a*) when the present Agent for India in Burma is expected to return;

(*b*) whether the Madras Government have made or propose to make any representations in the matter of the selection of the successor to the present Agent in Burma; and

(*c*) whether the Hon. the Premier proposes to take any, and if so, what steps to see that the opinion of the Provincial Government prevails with the Government of India in the choice of the next Agent for India in Burma, in view of the large vested interests of the people of this Province in Burma?

THE HON. SRI C. RAJAGOPALACHARIAR:—" (*a*) The present Agent goes on leave on May 12th.

" (*b*) The Madras Government have made suitable representations to the Government of India in the matter.

" (*c*) The Government will do all it can legitimately do.

" I took time to answer this question in the hope that I should be able to say something definitely. I find it is still not possible for me to give a more satisfactory and definite answer."

BASHEER AHMED SAYEED SAHIB BAHADUR:—" May I ask whether on the last occasion, this Government was consulted before the Agent was selected to Burma on behalf of the Government of India?"

THE HON. SRI C. RAJAGOPALACHARIAR:—" Yes, Sir."

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SRI G. KRISHNA RAO:—" May I know from the answer given by the Hon. Premier that a suitable reply was given to the Government of India in this matter, if this Government have requested the Government of India to invest the Burma Agent with larger powers in order that he may be able to better safeguard the interests of the people there in case of any trouble? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" This Government have made suitable representations not only with regard to the functions performed by the Agent in Burma, but also with regard to the personnel of the Agent. As regards his powers, that depends upon the constitution."

BASHEER AHMED SAYEED SAHIB BAHADUR:—" May I ask at what stage this Government was consulted when the first Agent was sent? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" At the earliest stage."

BASHEER AHMED SAYEED SAHIB BAHADUR:—" In the present case, has this Government similarly been consulted in advance? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" I would like that we should wait for some time to answer this matter. But I would state generally that there is active controversy going on between us and the Government of India."

BASHEER AHMED SAYEED SAHIB BAHADUR:—" In view of that controversy, will the Hon. Minister see that the view of this Government prevails in view of the large interests of this Province, which are at stake in Burma? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" The Government will certainly do all they can to secure that end. But I do hope that we shall be strengthened so as to secure that end."

BASHEER AHMED SAYEED SAHIB BAHADUR:—" Will the Hon. Minister be pleased to convey that it is the unanimous wish of this House that this Government should have a predominant voice in the choice of the man who is to represent India in Burma? "

THE HON. SRI C. RAJAGOPALACHARIAR:—" Mr. Speaker, I am sorry to have to ask this question, viz., 'Will I be right in assuming that he represents the unanimous wish of the House?' It is for you to tell me, Sir."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—" It is very difficult to find a form for an assurance with regard to that question, I would say that it is the unanimous wish of this House. We request the Hon. the Prime Minister to

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convey to the Government of India that it is the unanimous and strong feeling of this House that the view of the Government of Madras, should prevail in the choice of a suitable person as Government of India's Agent in Burma which is absolutely necessary in the interests of this Province."

MR. SPEAKER:—"The difficulty of the Hon. Premier is that this view has not been definitely expressed by way of a resolution or otherwise."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"As I know the difficulty with regard to the moving of a resolution during question time without the suspension of the Standing Order, as an alternative, a statement has been made by us, viz., that it is the feeling of this House that the Hon. Prime Minister should be requested to convey to the Government of India the strong feeling of this House that the opinion of this Government should prevail in the matter of the choice of the Agent for the Government of India in Burma."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I am thankful to hon. Members of the House for having made that statement and I am making use of that statement."

SRI G. KRISHNA RAO:—"Are the Government aware, Sir, that there is a consensus of opinion here as well as in Burma that an Indian of acknowledged status and position should be appointed to this place? Has that view been taken by this Government in making the recommendation to the Government of India?

THE HON. SRI C. RAJAGOPALACHARIAR:—"Long ago, I may also say that the Government of India have accepted the position that a non-official Indian of standing should be selected. But what remains is whether this Province should have a voice in the matter."

ABDUL HAMEED KHAN SAHIB BAHADUR:—"I feel sure that the Hon. the Leader of the House realizes that on all sides of the House there is a strong feeling that this Government should have a predominant voice in the selection of the Agent to represent this country in Burma."

THE HON. SRI C. RAJAGOPALACHARIAR:—"I am again, Sir, glad to acknowledge with gratitude this supplementary support from the Leader of the Muslim group."

MR. G. H. HODGSON:—"I would like to say on behalf of the European group that we very strongly support the remarks which have fallen from the lips of the Hon. the Leader of the Opposition."

THE HON. SRI C. RAJAGOPALACHARIAR:—"This is enough, I think, to enable us, Sir, to make the necessary representations."

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KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"We are very thankful to the Hon. the Premier for the very keen interest which he is always evincing in the matter of safeguarding the interests of Indian Nationals abroad."

Number of Ceded districts candidates employed as assistant engineers and overseers in each of the district boards in the Ceded districts.

* 1378 *Q.*—SRI H. SITARAMA REDDI: Will the Hon. the Minister for Local Administration be pleased to state—

(*a*) the number of permanent local fund assistant engineers in each of the district boards of the Ceded districts;

(*b*) the number of such assistant engineers who are pucca natives of the Ceded districts;

(*c*) the number of permanent local fund overseers who are pucca natives of the Ceded districts in each of the district boards of the Ceded districts; and

(*d*) the number of such local fund permanent overseers who are pucca natives of the Ceded districts and who are also qualified to be local fund assistant engineers?

THE HON. SRI B. GOPALA REDDI:—"(*a*) & (*b*) There are at present two permanent assistant engineers under the Anantapur District Board and one permanent assistant engineer under each of the District Boards of Bellary, Cuddapah and Kurnool. Of these, only one is a native of the Ceded districts.

"(*c*) The number of persons who are natives of Ceded districts and were appointed permanently to the posts of overseers including draftsmen under district boards in these districts during the last ten years is as follows:—

District Board.	Number of overseers.
Anantapur	3
Bellary	1
Kurnool	1
Cuddapah	Nil.

"(*d*) Complete information is not available."

* 1379 *Q.*—SRI R. M. PALAT: Will the Hon. the Minister for Industries and Labour be pleased to state—

(*a*) whether it is a fact that the earliest notice of the application by the Negapatam Steel Rolling Mills for a loan under the Madras State Aid to Industries Act (V of 1923) was published on the 24th, 25th and 26th August 1938;

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(b) whether the Board of Industries met to consider this application on the 12th September; and

(c) if the answers to clauses (a) and (b) are in the affirmative, why the requirement of one month's notice as per rules framed under the State Aid to Industries Act was waived?

THE HON. SRI V. V. GIRI:—" (a) & (b) The answer is in the affirmative.

" (c) It has been ascertained that the Board of Industries took up the consideration of the application before the expiry of 30 days as required by the rules, from the date of the publication of the notice in view of what was considered to be the urgency of the matter. Nothing final has however been done in the matter."

UNSTARRED QUESTIONS

Cases of corruption among the officers under Government during 1937–38 *and* 1938–39.

416 Q.—SRI MUTHU KR. AR. KR. ARUNACHALAM CHETTIYAR: Will the Hon. the Prime Minister be pleased to state—

(a) the number of bribery cases reported to the Government in 1937–38 and in 1938–39;

(b) the cadres of the officers involved;

(c) the number in each of them;

(d) the number of cases proved;

(e) the action taken by the Government in those cases; and

(f) the steps taken by the Government to tackle the problem effectively?

A.—(a) to (e) A statement [a] is laid on the table of the House.

(f) The hon. Member is referred to the answer given on the 29th November 1938 to Legislative Assembly Question No. 206 (starred).

Road facilities in Ponnani taluk.

417 Q.—SRI E. M. SANKARAN NAMBUDRIPAD: Will the Hon. the Minister for Local Administration be pleased to state—

(a) whether the Committee appointed by the Malabar District Board to go into the question of the failure of crops in Malabar district has stated that its work in Ponnani taluk suffered due to lack of road facilities; and

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a Printed as Appendix on pages 870–871 *infra*.

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(b) what action Government propose to take in the matter of road facilities in Ponnani taluk?

A.—(a) The answer is in the affirmative.

(b) The provision of adequate road facilities is primarily the function of the district board. The district board has been asked to submit a five-year programme of improvements to village communications in the district, providing therein for the needs also of the Ponnani taluk and its receipt is awaited.

[*Note.*—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—STATEMENTS *RE* THE WALKOUT OF A SECTION OF THE HOUSE.

ABDUL HAMEED KHAN SAHIB BAHADUR:—"If you will allow me, Mr. Speaker, I would like to make a statement. We regret very much, at least my group, that we are not in a position hereafter, because we are sorry we have not been able to do much to co-operate in the proceedings of the Madras General Sales Tax Bill hereafter, because we are sorry we have not been able to do much for the people whom we represent here. Therefore we are walking out without meaning any disrespect to the Chair."

KUMARARAJA MUTHIAH CHETTIYAR OF CHETTINAD:—"It is with profound regret that we have, after mature consideration, come to the conclusion that no useful purpose will be served by any further participating in the proceedings at this stage of the Bill, in view of the attitude adopted by the Government with regard to the amendments given notice of by us. We also assure you, Sir, that we do not mean any disrespect to you. We only feel that we will not be serving any useful purpose by any more participating in the proceedings. We do not mean any disrespect to any individual person—even to the Hon. the Prime Minister who just wanted to know the reason for our action—or the Government as a whole. But we want to say definitely that we were completely and wholly dissatisfied with the manner in which this Bill is being considered and after all, that is very clear from the attitude that we are taking. We regret very much that we have to take this course of action."

(After making this statement, the Muslim group and the Justice group walked out.)

III.—THE MADRAS GENERAL SALES TAX BILL, 1939—*concluded.*

Clause 3 (1).

THE HON. SRI C. RAJAGOPALACHARIAR:—"I move—

'*In item* (b) omit *the words* "*of the amount*" *occurring in column* 2'."

The amendment was put and carried.

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THE HON. SRI C. RAJAGOPALACHARIAR:—"I do not know if I have moved the amendments that the words 'in a year' in items (*a*) and (*b*) in column 1 be omitted. I think they have not yet been done."

MR. SPEAKER:—"We have disposed of both these amendments already."

Clause 3 (1)—First proviso.

THE HON. SRI C. RAJAGOPALACHARIAR:—"I beg to move—

> '*In the first proviso,* for *the words* "*in that year*" substitute *the words* "*for that year*".'"

The amendment was put and carried.

The amendments of members who were absent were deemed to have been withdrawn.

Clause 3 (2)—Proviso.

THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I beg to move—

> 'For *the words* "*no such rules*" substitute *the words* "*no rule for the determination of the turnover.*"

"Sir, it was intended that the determination of the turnover should be done by rules rather than by definitions in the Bill itself, and that the rules made by the Government in that respect should be placed before the House as provided for. Unfortunately the words used are a little too general. The intention is that only the determination with regard to the turnover should be covered by this proviso. Hence, the change I have proposed."

The amendment was put and carried.

Clause 3 as amended was put and carried.

Clause 4.

THE HON. SRI C. RAJAGOPALACHARIAR:—"I beg to move the following amendments—

> '(1) *In line* 1, before *the words* "*of this Act*" insert *the words* "*of section* 3".
>
> (2) *In lines* 6 *and* 7, for *the words* "*on which duty is levied or which is otherwise subject to taxation*" substitute *the words* "*on which duty is or may be levied*".'

This is merely a verbal change as I shall explain at once. In clause 4 it is stated that the provisions of this Act shall not apply to so and so. Especially in regard to dealings in motor spirit, electrical energy and the like the question would not arise at all. But in regard to mixed shops where manufactured tobacco is sold, some kind of a general return would be necessary

with regard to articles which fall under a different scheme of taxation. To say that the provisions of this Act would not apply to such and such articles would make the administration difficult. So it is proposed to say that the provisions of section 3 of the Act, the taxation section, shall not apply.

" The second amendment is merely to avoid a possible misconstruction. The grammar of the section runs towards the end in a peculiar way: ' any goods on which duty is levied or which is otherwise subject to taxation under the Madras Abkari Act, 1886, or the Opium Act, 1878.' The words ' any goods on which duty is levied ' may be read, it is just possible, without reference to the Abkari Act. The intention of the clause would be better carried out if we substitute for the words ' on which duty is levied or which is otherwise subject to taxation ' the words ' on which duty is or may be levied.' Then there would be no ambiguity. It will always be subject to the qualifying phrase ' under the Madras Abkari Act, 1886, or the Opium Act, 1878 '."

The amendments were put and carried.

MR. SPEAKER :—" Mr. Hodgson."

MR. G. H. HODGSON :—" I am not moving the amendments, Sir."

MR. SPEAKER :—" Am I to take it that all the amendments of the European Group will not be moved? "

MR. G. H. HODGSON :—" Yes, Sir."

Clause 4 as amended was put and carried.

Clause 5 was put and carried.

Clause 6.

THE HON. SRI C. RAJAGOPALACHARIAR :—" Mr Speaker, Sir, I move the following amendment—

> ' For *the words " including licences and licence fees as may be prescribed "* substitute *"as may be prescribed, including conditions as to licences and licence fees ".'*

It is merely a verbal alteration, Sir."

The amendment was put and carried.

Clause 6 as amended was put and carried.

Clause 7.

THE HON. SRI C. RAJAGOPALACHARIAR :—" Do I take it that on clause 7 also Mr. Town and his friends do not propose to move any amendments? "

MR. SPEAKER :—" Throughout."

MR. H. S. TOWN :—" That is so, Sir."

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THE HON. SRI C. RAJAGOPALACHARIAR:—" I beg to move the following amendments:—

(1) 'For *the words* " *Subject to such restrictions* " substitute " *In respect of such finished articles of industrial manufacture as may be notified by the Provincial Government and subject to such restrictions* ".

(2) 'For *the words* " *tax in respect of sales of finished articles of industrial manufacture* " substitute " *tax levied on sales of such articles* ".'

The second is consequential on the first, Sir. With regard to the first I have to explain this. The Government have been made to understand that administratively there will be difficulties with regard to the definition if the words stand as they are. We have tried to make it as clear as possible and it is necessary to have the clause such as I have suggested in order to avoid statutory and other difficulties. The amendment suggested will save the matter from dispute and litigation."

The amendments were put and carried.

Clause 7 as amended was put and carried.

Clause 8.

THE HON. SRI C. RAJAGOPALACHARIAR:—" I beg to move the following amendment:—

'*In lines* 4 *and* 5, for *the words* " *buys or sells on behalf of known and specified principals for a specified commission or brokerage* " substitute " *for an agreed commission or brokerage buys or sells on behalf of known principals specified in his accounts in respect of each transaction*".'

" In the Bill as amended by the Select Committee, the word 'specified' is used. It is not made clear where it should be specified. This may not be a very great improvement, but it is an improvement. The object of the clause is to provide for real agency transactions and these words are sufficient, but still in order to avoid difficulties, I have expanded the clause in the amendment I have now moved."

The amendment was put and carried.

Clause 8—Proviso.

THE HON. SRI C. RAJAGOPALACHARIAR:—" I beg to move the following amendment:—

'Before *the words* " *the amounts for which the goods concerned in such transactions are sold* " insert *the words* " *no such exemption shall be given unless* ".'

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The meaning is the same, but it looks as if something is wanting unless we put in a clear condition to this effect. Otherwise it might simply appear to be advisory without being mandatory."

The amendment was put and carried.

Clause 8 as amended was put and carried.

Clause 9 (1).

THE HON. SRI C. RAJAGOPALACHARIAR :—" Clause 9 (1) as it stands, consists of two paragraphs (*a*) and (*b*). I shall explain the object of the amendment before I read it. The idea is that it should be made a duty, if the turnover is above an exempted amount, to submit returns apart from being asked. The consequences would of course be that they would be assessed without any basis, if they do not send accounts. All the same it would necessarily be their duty to send the accounts instead of sending notices to them to do so. With this object in view it is proposed that for the existing clause 9 (1) (*a*) and (*b*), we substitute one clause, 9 (1). That clause 9 (1) will read as follows :—' Every dealer whose turnover is ten thousand rupees or more in a year shall submit such return or returns of his turnover, in such manner, and within such periods as may be specified in the rules made under sub-section (2) of section 3.'

I move the above amendment, viz. :—

For *this clause* [9 (1) (*a*) *and* (*b*)], substitute *the following* :—

'9. (1) *Every dealer whose turnover is ten thousand rupees or more in a year shall submit such return or returns of his turnover, in such manner, and within such periods as may be specified in the rules made under sub-section* (2) *of section* 3.'

" Then we would come to sub-clause (2) of this clause. Sub-clause (1) (*a*) and (*b*) being now substituted as proposed above, the alterations to sub-clause (2) would be merely consequential which I will propose later."

The amendment was put and carried.

Clause 9 (2).

THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, I move—

'*In sub-clauses* (*a*) *and* (*b*); omit " *clause* (*a*) *or clause* (*b*) *of* ".'

Since there are no paragraphs (*a*) and (*b*) to sub-clause (1) of this clause, this is a consequential amendment and it has to be incorporated in the Bill."

The amendment was put and carried.

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THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I beg to move—

'*In sub-clause (b), in line* 5, for "*inaccurate*" substitute "*incorrect*".'"

The amendment was put and carried.

Clause 9 as amended was put and carried.

Clause 10.

THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I beg to move the following amendment:—

'*In line* 2 for *the words* "*into a Government treasury*" substitute "*in such manner and*".'

It would not always be a Government treasury. It may be in such manner as may be prescribed in the rules. I have already asked that the words 'Government treasury' be omitted from the definition clause. It would be a substitution of the words 'in such manner' for the words 'into a Government treasury'."

The amendment was put and carried.

THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I move—

'*In the last two lines*, for *the words* "*shall be recovered*" substitute "*may be recovered*".'

This is to provide that, in default of payment, the whole amount then remaining need not necessarily be recovered. But there may be a discretion. Therefore the word 'shall' may be changed into 'may'.

The amendment was put and carried.

Clause 10 as amended was put and carried.

Clause 11 (1)—*Proviso.*

THE HON. SRI C. RAJAGOPALACHARIAR:—"Sir, I move—

'After *the words* "*payment of the tax admitted by the appellant to be due*" insert "*or of such instalments thereof as might have become payable, as the case may be*".'

This amendment is necessary, Sir, because the whole amount need not necessarily be repaid.'

The amendment was put and carried.

Clause 11 as amended was put and carried.

Clause 12 was put and carried.

Clause 13—*Proviso.*

THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I move—

'*In the last line,* for *the words* " *liable for taxation* " substitute " *liable to taxation* ".' "

The amendment was put and carried.

Clause 13 as amended was put and carried.

Clauses 14, 15, 16, 17 and 18 were put and carried.

Clause 19 (2) (*b*).

THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I move—

' Add *at the end* " *and fees for licences* ".'

That is to say, rules may be made for the licensing of persons engaged in the sale of goods and the imposing of conditions . . . and fees for licences. There is no other provision for that."

The amendment was put and carried.

Clause 19 (5).

THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I move—

' For " *official gazette* " substitute " *Fort St. George Gazette* ".' "

The amendment was put and carried.

Clause 19 as amended was put and carried.

Clause 20.

THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I move—

' For *the words* " *determined by the rules* " substitute " *determined in accordance with the rules* ".' "

The amendment was put and carried.

MR. SPEAKER:—" Hon. Members may observe strict silence. The hon. Member (Sri S. Nagayya) is disturbing the business of the House. His conversation is audible even to the Chair."

Clause 20 as amended was put and carried.

Clause 21 was put and carried.

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Clause 1 (3).

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I move—

'For "*official gazette*" substitute "*Fort St. George Gazette*".'

The reason may not be obvious. But it is this. The first clause will not come into operation till the notification is published in the Gazette. It is necessary to prescribe it effectively. Therefore this amendment is necessary."

The amendment was put and carried.

Clause 1 as amended was put and carried.

The preamble was put and carried.

* THE HON. SRI C. RAJAGOPALACHARIAR:—" Sir, I beg to move—

'*that the Bill as amended be passed into law.*'

" Sir, I do not think that I should detain the House long over this motion. Still, many comments have been made in the course of the debate, some of which I have not dealt with, limiting myself to the particular business in hand at the various stages. So far as the present stage goes, the net result of the criticisms, as I understood them, is that this is going to affect trade and that the rate proposed is far too heavy for the trade. Sir, trade may be affected in one of two ways; either it suffers because the trade as a whole, that is to say, the buying and selling, the consumption, is affected; or those who are engaged in the trade may be affected far too heavily, so that they may not he in a position to conduct the trade as a result of this tax. The distinction between these two that I draw for the moment is this: that if the tax is not shiftable but it is to be paid out of the profits, such as are earned by the various men engaged in the trade, the trade would be affected in one way. But if this tax by the law of diminishing returns, so to say, reduces consumption itself and the demand for articles, then the trade is affected in a different way. Either of these objections, if serious, would be a proper objection. I have only to say, though it may be only called an assertion, that this tax that we propose is not likely to affect trade in either way seriously. Any the slightest disturbance of trade or economic organization is bound to have some repercussions. The picture may be overdrawn, or the picture may be underdrawn; but the measure that we have undertaken is reasonable, if there is no substantial disturbance. In some matters, disturbances are bound to take place. It is not possible to undertake fundamentally new policies without serious disturbances to a certain extent in the existing organization. If we did not undertake any fundamentally new policy but

merely carried on, we could avoid disturbances of any kind except what may take place owing to emergencies arising out of things beyond our control. But where voluntarily and deliberately we have undertaken certain new lines of action, certain new policies, it is impossible, according to the law of the conservation of energy, that we can effect these changes in the affairs of our people without disturbing things to some extent. It is therefore only possible to limit these disturbances, as far as possible to moderate them, to make adjustments; but it is not possible to escape altogether any disturbances of any kind, and yet make fundamental alterations in important matters in our affairs. That is the only defence I offer. But I submit it is a complete defence. It is not possible to make up one's mind—we come back to the main argument, though it has been repeated several times, —it is not possible to make up our mind altogether with a source of revenue which we have condemned as based on an increasing ruination of the families of the poor people of this Province. It is impossible to make up one's mind to give up the revenue derived from the sale of liquors and drugs which has been giving us revenue to the extent of more than Rs. 4 crores every year, without making substantial differences in the other matters connected indirectly with the revenues of the State.

" It is therefore necessary to reconcile ourselves to new taxation. If we levy new taxation, upon whom can we levy? If we followed the old method, we could levy more and more taxes on those who produced articles of consumption instead of levying taxes on those who consumed articles produced by the labour of others. Hitherto, if I may say so, the entire financial structure of this Government has been based on a levy of a heavy tax upon people who produced articles of consumption and we levied them on those who produced them without levying an adequate tax in respect of those articles on those who sought to consume those articles without producing them. Of course, every one who consumed the product of other people's labour in our country, paid a price for it. It was never considered wrong for the merchant, however small he might be, for the dealer, however small he might be, or however poor he might be, to charge a price for the article which he sold to others. The poorest consumer may come and if he asks for the smallest measure of foodstuff, a price was charged and it was never considered wrong to charge that price. What we propose to do is that, when a man has produced foodstuffs in this country, he has been charged heavily with a tax on the land and on the production of foodstuff, and it is not right to charge him further to make up for what we have lost otherwise; but it is necessary to go to other people in order to make up this difference now. And who are the people to whom we have gone? It may not be misunderstood that we have merely gone to the merchant, we have merely gone to the traders. No. We have gone to the merchants

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and traders; we have gone also by that very process to those who consume the articles sold by those merchants and traders; but we tax the consumer in accordance with and in proportion to the supply which he gets for his demands for the product of other people's labour. This is the meaning of a sales tax, and this is the meaning of a general sales tax. If people want to buy an article sold, they will have to pay not only a price which the dealer charges, but also the price which the Government charges in respect of the functions which the Government have to do, and which they cannot ask the agriculturist again to pay for over and over again, but which the consumer of the product of other people's labour should also contribute or pay towards the Government in respect of those articles. That is the extent to which we ask the consumers to share in this general sales tax. But if the consumers can bargain with the dealer, if the consumers can tell the dealer, 'you are making a profit, we need not pay a higher price; there are other people who will sell us the same product at a lower price,' then it is between the consumer and the trader to settle it. If, therefore, the trader in any particular branch or new business in respect of any particular commodity is making profits, natural business economy will produce a readjustment, and the dealer will have to share and pay out of the profits he has been making: but if not, the consumer, if he has any need of the commodity, and if he must buy that commodity, he will be compelled by the trader to pay the whole or a portion of this tax which he wishes to make out of him. I say 'portion' for this reason, because in the case of some commodities, he may not be able to make that bargain with the consumer; in the case of other commodities, he may be able to make that bargain with the consumer. It is not as if we ask this process of bargaining to begin and to go on by a direct process. All business readjustment takes place automatically in accordance with these principles, and therefore it is I say that it is just and proper, and it is just not only in an absolute sense, but in the sense of proportion that all consumers, that all buyers, all sellers, all traders and merchants, should readjust and share between themselves the burden which they have to bear in respect of what we have given up.

"I do not think, Sir, that trade is going to suffer. But if the argument is that we do not know exactly how much we want, that we are going to get an enormous amount and that would be simply taxation without any definite policy—something like that was alleged in the course of the debate—I have already tried to answer it when dealing with the rate question, and I need not, I think, repeat it again. The principles with reference to taxation, which we are trying to follow with necessary modifications in regard to our own environments and in regard to our own particular circumstances, are correct principles; and it is not possible to levy a tax over and over again at varying rates each year, constituted as we are, taxing at a low rate this year and leaving it to the next year

to tax a little more and so on. It is not possible, as I have already said, and this Bill stands justified, as it has now been amended.

"Sir, out of this, much trouble and much heat have arisen. But at the same time, I wish to point out on this occasion that two or three matters emerge from this transaction of ours. Now, I shall take the least directly relevant matter first. It has brought together the opposition, not only in the House, but throughout the country; people of all communities and people of all groups have been brought together and I consider that—whether our taxation proposal is good or bad, whether our taxation is just or not just—I consider that this incidental by-product is a great and progressive gain to this country. Hitherto, people have been fighting, grouping themselves according to communities, grouping themselves according to castes and so on. But if nothing else has emerged from this Bill, even the friction that emerges from a thing is a good and useful heat. The friction that has emerged from this first adventure in taxation of this Government of ours is a good heat; it has brought people of various communities together—I am only speaking of friends who have not supported this Bill. Even there, the very fact, the very spectacle before us, not only here, but throughout the country, that businessmen of all the communities have come together in deputation and made representations and have placed before us facts and difficulties, the very fact that in presenting the case the people of all the varying communities and castes joined together at least for one moment is, I consider, a good thing, a good sign. I am glad therefore to see—though it may look very contradictory to our interests with regard to this particular measure—and it fills me with pleasure to see that people have at last been brought together for a time, at least for a very brief period and thereby they have learnt to work together in order to oppose this Government. To that extent, democracy in our country has been helped by this proposal of ours—be it right or be it wrong. Has it not been said before that already to-day the Congress is united and groups are there on the other side, but that you will find when we introduce real measures affecting the life of the people, you will have a readjustment and realignment of parties and redivision of parties, and community divisions and caste divisions will all be forgotten and people will rearrange themselves? This has been said by friends as well as the foes of the Congress and I am glad to see that this has turned out to be right and I consider it is a good thing that happens; and what happens in one group may happen in another group; and what happens in one circle may well happen in another circle. In that way, let us hope that all our communities, castes and divisions will come together for real and common purposes. Instead of dividing ourselves on illusory differences and fanatical dogmas and things like that, let us divide ourselves on matters of real importance; and if it is necessary that we must divide, let us come together either on one side or the other. So, Sir, this is one of the

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things that has emerged out of this adventure of ours. If this comes about, then it will be a real contribution to the progress of our country.

"Sir, in regard to one other matter, I hope I shall be tolerated in making a reference to ourselves, so to say, the party to which we belong. It has been hitherto the chief accusation of people on one side or the other to charge one another with attempting to seek to get popularity and to get votes and that we are bringing in measures and proposals in order to secure success on the next occasion when we go to the polls. Nothing of that kind can be said in respect of this. It is not to secure popularity that we are doing this; it is not for the purpose of catching votes that we are doing this. We have dared, as was expected of us, to do the right thing. Congress has proved that this Government can deliver the goods as was expected of it. I do not think that any other Government, any other persons who took up this Government or groups which took up this Government, could give up the drink revenue; hence it was our duty to do it. If any other Government could do anything, it could merely put forward a resolution, that is all; but actually to put an end to the drink revenue would mean that the Government should undertake the responsibility of substituting that revenue and getting the people to pay for it. A group of people to-day are paying for all the expenses of their development; the very people who are the least to benefit by that development are to pay the most for that development. This is the meaning and this is the implication of the drink revenue. Who else can tax the people but this Government which represents the people fully and which is backed by them strongly and gets support from them? If we did not undertake this, I admit and confess, we would have been guilty of dereliction of duty. Simply for fear of the thing, if we had failed to undertake the duty of asking the people to pay, by telling them, 'You do not want this moral evil in this country; but you have to pay for it and therefore we ask you to pay,' if we had not the courage to say so to the people who else will be expected to have that courage? That is why, we were in a hurry to discharge this duty, not only by bringing in Prohibition on drinks and drugs but also by doing that which is just. It was necessary for us to do that if we had to prove the sincerity of our determination. We have to ask the people to pay for that and no one else could have done that.

"Look at the history of the Tobacco Bill itself, a mere sales tax. Now, the country was almost near a taxation measure about tobacco, but it was given up. Very rightly, because no Government which had not the support which the present Government has, would dare do it. I do not blame the previous Government for not doing that; it was not possible. We cannot blame the

bullock for not running as fast as the horse; and we cannot blame the horse for not running as fast as the aeroplane; it is therefore an essential difference. It is not possible for any other Government to have the courage or the determination to ask the people to pay the tax. It is not merely as self-praise I say this, but it is the enunciation of our duty. Having been trusted by the people and being connected with the people directly and representing them in every way, we have a right to ask the people to pay; we have the right and we have the opportunity to explain and tell them why they should pay this tax, and it is only that we have done. It is not simply because we are on the seat of authority and we have forgotten their difficulty of finding money to pay the tax. We know it very well. We know it is difficult to pay the taxes. But, Sir, it is difficult for the people to give up the drink revenue; and unless they make sacrifices, it is no use saying that drink should be abolished. We have therefore to begin it and we have to pay the tax. If we succeed in it, it is a new chapter in our work as a party. Hitherto, we have been asking people, from the beginning, to make sacrifices; but here we have asked the whole people to bear the tax and to make necessary sacrifices to prove that we have got a hold on the country which fact has been attributed to the Congress by friends as well as foes. It is necessary that we have to do this and it is necessary that people should therefore prove that our claim and their claim that we represent them, are correct things.

" Then, Sir, I come to the more immediately concerning business of the interests of the trade that I wish to refer to as the third thing that emerges from this measure. In trade, Sir, let me speak with great humility since a Member of the Opposition said the other day that this Government are trying to deal with the businessmen without being businessmen themselves and without knowing anything about business, that they have the presumption to assume that they know business when they really do not know anything. I have to approach this subject with a certain degree of humility and trepidation. Sir, it is not possible for the Government to tax and to leave the business people altogether out. It is not possible for the Government to be run entirely by business people; it is possible to form Governments only according to the constitution and according to certain democratic principles. I would not object if businessmen took over the entire Government of the country and made themselves responsible for the whole Government of the country; I would not be sorry for that at all. But the world will not allow such a thing; now, Sir, it is not possible. It is therefore difficult and wrong for us to be mutually intolerant of one another. It is true that a great deal of ignorance of business may be exhibited by the Government; it is true that a great deal of other defects may be exhibited by businessmen on the other side who are not in charge of the Government, but we must be tolerant of one another. Therefore, if I presume to speak about business, I speak because it is necessary

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for the Government to refer to it, though it may not be a Government composed of businessmen pure and simple.

"In this trade organization as we have in our country, we have not only the ordinary and proper distributors, but we have the gamblers; we have the gamblers pure and simple; we have speculators who are not speculators pure and simple but who have to take risks properly and legitimately and who have to be cautious and who are still, it may be said, speculators. We have got these three groups of people in the trading organization. We have the proper distributors, we have the gamblers pure and simple and we have the speculators who must be tolerated, who have a place in business and who still take risks and yet who still have to be cautious. Now, any tax like what we have proposed is bound if it falls upon all these people, to create varying degrees of irritation and unpleasantness to gamblers in the gamble. Hitherto it was not called sale, but it was merely a gamble; but he is not now free merely to gamble on the sale; he has to pay the tax as on a regular sale. Once upon a time people were writing up every kind of benami alienation and transaction and when it became necessary to pay some stamp duty though it was half-a-rupee on every Rs. 100, or twelve annas on every Rs. 100 or Re. 1 on every Rs. 100 for such benami transaction, there was a slight reduction in such transactions. If we raise the tax a little more, all benami transactions will go down, I have no doubt. But that is not the purpose of my present measure. What we have now gone through is the second reading of the Sales Tax Bill. All gamblers who gamble in the form of sales will have to pay a tax on the quantity of turnover. All these people therefore have vigorously objected to it by saying, 'Why do you call this a sale?' They say, 'Do not tax on the turnover, but tax only on the profit.' It is merely a variety of expression, but the truth is out of the bag—I won't say the cat is out of the bag. With that object every gambler objects to the tax, because he does not really sell; he really gambles; and therefore he strongly objects to a tax on sale. Now, if this tax is going to reduce that kind of gambling pure and simple, then the country need not be sorry; neither side need be sorry for it; neither the Opposition which is inside nor the opposition which is outside, need be sorry about gambling being reduced, if not altogether abolished. But then, we come to the real class of people who oppose vigorously and whose opposition should be taken into account, namely, the cautious, the careful speculator. Even he has to pay the tax on the turnover and not only on his profits as income-tax. That is why he objects because he says, 'I am a speculator; it is necessary that I should speculate; why do you ask me to pay beforehand on the turnover; we may lose; we do not know whether there will be a gain; this is unjust,' and so on. Therefore, Sir, it is proper that you should demand an explanation from us. This is all that I wish to say in reply; even

this speculation should be done cautiously and in a limited manner and after paying the tax that we levy; then alone it will be within reasonable and proper limits. This new tax will no doubt reduce the number of such transactions; it will reduce the number of such people who are now vying with one another in entering into that part of the business. There is a larger and larger number of people coming into speculation and without their knowing it they finally become more or less gamblers. This tax would, to some extent, curtail the volume of this speculation and it need not be a matter for much regret.

"But if injury is done, we shall soon know it and it is not beyond human ingenuity to provide for such cases. The result of it will be that the distributors will be protected and there will be an even distribution of money among all, instead of their merely depending on undercutting one another. The entire difference between the price paid to the producer and the amount taken from the consumer as the cost of the article will be distributed and divided among all the distributors. In former days, the business of distribution was very paying. The number of transactions were secret, the profits were secret, the quantities that they handled were secret and mysterious and people made enormous sums without anybody knowing how. But now people have learned all these things and there is a congestion of distributors; I admit there is congestion in the distributors between the producer and the consumer and they have been able only to get less and less; and what they are getting now is only a fraction of what they used to get. The numerator is the same but the denominator has been increasing and therefore, they are all suffering. The Bill will put a tax upon every one of them and each one of them will have to consider whether it is worthwhile to go on. If those that consider that it is not worthwhile going on drop off, there will be less and less undercutting and there will be more and more of real business. This, Sir, is what emerged from the discussions that we have heard; there is no reason to be afraid. I commend the Bill to the House and I move that the Bill be passed into law."

* MR. G. H. HODGSON:—"Mr. Speaker. I have listened with great attention and interest to the Hon. the Prime Minister's speech in support of this Bill and I would like to tell the House the views of my constituents and of the European Group generally.

"Ten short weeks ago the Hon. the Prime Minister in the course of his Budget speech, first revealed to this House Government's intention of introducing a tax on the sale of goods; a tax of half per cent on turnover which he described as of 'low incidence.' I shall refer later on to our views on the incidence of this tax.

13th May 1939] [Mr. G. H. Hodgson]

"My friend, Mr. Town, speaking a few days later in the general discussion on the Budget, said that this announcement of the Hon. the Prime Minister had caused very serious consternation in the minds of the business community in this Province. 'Not', said Mr. Town, 'the ordinary consternation that any taxing measure causes, but a very serious deep rooted consternation to serious minded businessmen.'

"The publication of the Madras Sales Tax Bill a few days later did nothing to allay those fears. On the contrary, the Bill was greeted, as in our view it deserved to be greeted, by a widespread, spontaneous and un-rehearsed agitation by the merchants and traders throughout this Province.

"Quite apart from the merits of the tax itself, it was a bad Bill in its original form because it failed altogether to make plain what exactly the Government intended to tax, whom the Government intended to tax, and when the Government intended to tax them. The result was that the businessmen throughout the Province were quite unable to gauge the possible effect of the tax on their business.

"Well, Sir, the Bill eventually came through an all too short sitting of the Select Committee and it was subsequently brought back for consideration by this House in such a form that it was hardly recognisable as the child of the original Bill; and I feel bound to add that speaking generally, it was very little improvement on its parent. It was more complicated and in many respects more uncertain in its incidence.

"I have referred to the short sitting of the Select Committee and I must now refer to the all too short period for consideration by the public of this Bill as brought back from that Committee. It is quite true that Government extended the time of sitting of the Select Committee and also they were good enough to postpone the date for the consideration stage of the Bill in the House. But whilst we are grateful for these extensions, we are bound to say that the time allowed for the consideration of the Bill outside this House was altogether insufficient. It really amounts to this: The business community throughout the Province have had one short fortnight to consider a Bill which is going to affect the trade, industry and commerce of this Province at every turn.

"Now, Sir, it is well known that the interests which I represent in this House do not support the Government's Prohibition policy and it follows therefrom that we do not accept the Government's contention that a measure of this kind is in any way necessary. I need not dilate upon this; but, Sir, it seems to have been completely overlooked by Government that it is possible to oppose as we do, the principle of Prohibition and at the same time to accept the fact of Prohibition and we on these benches have all along accepted the fact that this Government is committed to its Prohibition policy. It is, therefore, against that background that we

have all along considered in very great detail the merits of this particular Bill. We have adopted that attitude from the very start and that being the case, we feel that our views on this measure are, or certainly should have been considered, just as worthy of attention as those of any other member or group of members in this House. Our criticism has all along represented the considered opinion of businessmen with long experience of the trade and commerce of this Province, and it should not be judged merely as the ill-considered views of disgruntled anti-Prohibitionists.

"Well Sir, judged against that background, we have been quite unable to see any justification whatever for the introduction of this measure at the present time.

"In his Budget Speech, the Hon. the Prime Minister made these observations on Government's Prohibition policy. He said, 'we have to secure the financial adjustments necessary and we have to consolidate the position at every stage.' It is pertinent therefore, to discuss this consolidation of the position at the present stage. The Budget, as introduced, for the current year showed an original deficit of Rs. 42 lakhs. Since then Government have introduced Bills taxing the sale of petrol and of electricity and the duty on country spirit has been raised resulting in a reduction of the deficit to Rs. 17 lakhs which the Hon. the Prime Minister himself has rightly remarked 'need not be looked upon as a catastrophe.' Nevertheless, with this small deficit to face, this House has since then been presented with three more taxation measures —the *Entertainments Tax Bill*, the *Tobacco Tax Bill, and* now the Madras General Sales Tax Bill. Five taxation measures in all in the short space of two months.

"Now Sir, the Entertainments Tax and the Tobacco Tax will themselves not only balance the Budget for 1939–40, but, taking the Hon. the Premier's computation, will provide a very substantial surplus, in the neighbourhood of half a crore of rupees. That, Sir, represents as near as may be the budget position of this Government for the current year, and I propose now to consider for a few moments the position of the merchants and the people generally of this Province.

"A reference to the financial columns of the newspapers at any time during the past year will show phrases of this kind appearing almost daily; 'Business has been stagnant and forward trade has been lacking.' And I take the following from this week's '*Commerce*':

> 'India's foreign trade during 1938–39 has been unsatisfactory, both imports and exports declining'—'Exports have declined by about Rs. 18 crores and imports by about Rs. 21½ crores.'

and later:

> 'The immediate future of India's export trade is not promising.'

Later still:

> 'As compared with 1936–37 exports during the year under review show a stupendous decline of Rs. 33 crores.'

That, of course, is for all India, but Madras has suffered its full share of this decline, and we must expect that worse is to come because, to quote the same article:

> 'When exports decline it is but natural that imports should decline with a time lag so that both may adjust themselves over a period.'

"So much for external trade, and I wish I could say that the factors which have shattered business confidence in international commerce had no counterpart inside the Province. But, Sir, our internal trade too is passing through extremely difficult times. We have suffered a complete failure of the north-east monsoon resulting in a more or less total loss not only of valuable crops but of purchasing power on the part of the people, a loss of wealth to this Province which is altogether incalculable. Then, Sir, there is hardly an industrial concern in this Province which has not suffered considerable loss during the past twelve months owing to labour unrest some times unfortunately resulting in labour strikes and there are other adverse factors such as the increased income-tax under the recently amended Act, and the incidence of other new local taxes. Surely then, Sir, the trade and commerce of the Province has sound reason for asking Government to call a halt in these circumstances and to practise that consolidation which the Hon. the Prime Minister spoke of in his Budget speech.

"I do not suggest for a moment that this Government is responsible for the monsoons, nor is it answerable for the alarms and excursions in the outside world which have done, and are doing so much, to retard that confidence without which trade recovery will continue to be impeded.

"But, Sir, this Government like any other Government is responsible for facing facts as they exist, and I claim that if this Government faces the present-day situation fairly and squarely, then they cannot, even to themselves, justify the imposition of this further, all-embracing tax on the peoples of this Province at the present time. And I go further and say, if they do impose it, then they cannot fairly describe it as consolidation.

"The Hon. the Prime Minister in his speech introducing the Bill to this House admitted that this tax would cause inconvenience to trade and commerce, but he told us that even a house cannot be repaired without putting the inmates to inconvenience. But, Sir, my point is that if the inmates are ill or below par the repairs can, and should, be delayed until the inmates are well enough to be disturbed.

"And, so far as an emergency is concerned, I submit, Sir, that if such exists, it is to be found not in the budget of this Government, but in the budgets of the traders, in the budgets of the purchasers and producers and in the budgets of the people

of this Province. And so we feel strongly that, in these circumstances, it is reasonable to plead for a period of consolidation; for time to settle down to the new taxes which have already been imposed before the trade and industry and everybody in the Province is asked to swallow, and to endeavour to digest, this general Sales Tax Bill.

"We have been told that we are making a mountain out of a mole hill, because the tax is only one pie in the rupee. But, Sir, what we see is not one pie in the rupee, but half per cent on many crores of rupees; and this is no mole hill, but a mountain which is none of our making. It is said, too, that the producer will pay the tax or conversely that the consumer will pay it; why then should the merchant worry? But we know that these are dangerous half-truths just as we know it would be inaccurate to say that the merchants will pay the whole tax; but whoever pays it, the merchant knows very well that he will suffer because his prosperity is so inextricably bound up with the prosperity of the people as a whole.

"It may be that the Madras Government in deciding originally on a tax of half per cent on turnover really did think that this was a tax of low incidence and I have no doubt they still hold that view. But this is not a retail sales tax, nor is it to be levied at one stage; now is it to be levied inside a customs barrier; it is on the contrary a cumulative turnover tax which has been found by practically every country or State which has experience of sales taxes to be a thoroughly bad tax; and, with extremely few exceptions, they have been forced by bitter experience to revert to a one point tax. It is true that in a very few cases a wholesale tax has been retained, but this is invariably of extremely low incidence. In the case of the United States of America which perhaps more closely resembles India than most other countries, the State of North Carolina is one of the few cases where a wholesale tax has been retained, and it is there one twenty-fifth of one per cent only.

"Sir, I do not intend to worry the House by going through the details of this Bill with all its anomalies and uncertainties.

"I am not among those who believe that a sales tax is an inherently bad tax. It can, as the Hon. the Prime Minister himself said yesterday, be a just tax. Of that there is no doubt in my mind. But to say that a sales tax can be a just tax is not to say that this Bill is in any way an equitable, sound or well-designed measure.

"We shall therefore oppose its being passed into law on the two main grounds that there is no justification for this tax at the present time, and that, even if there were, the Bill in its present form is a badly designed measure."

13th May 1939]

* THE HON. SRI C. RAJAGOPALACHARIAR :—" Sir, I must express my feelings of gratitude for the form in which Mr. Hodgson has presented the opposition case. He said that Prohibition should be postponed, or that an extension of it should be postponed. For that is the meaning of the argument that was put forward whether directly or in the form of the analogy that the House should not be repaired if the people are ill, but that house-repairs should be put off till the people are restored to health. Now applying that analogy to the case in hand, it means that we should suspend any progress with regard to Prohibition. 'The tax that you can levy, being a tax on sales, and trade being in that condition, is not a thing that can be done; so you must put it off '—that is the meaning of his argument; and that is the issue now. I quite admit it is the only issue. I do not think, Sir, I would be wrong in putting my answer in this form: that, on the whole, taking even the condition of trade into account, the manner in which we propose to deal with the situation in terms of this measure is not such as would make it difficult for trade to go on. It is true that it may not gain on account of this; but it is also, we hope, true that it will not be hurt by this tax. What is it that we have done? We have exempted practically three-fourths of the buyers and sellers in this country. I may put it at that; because, the purchases of the crores of the people of this Province take effect in shops with less than Rs. 10,000 turnover in most cases. Therefore practically it begins and ends there. And therefore three-fourths of the buying and selling is not going to be touched by this measure, as I see it. With regard to exports we are not taxing anything but sales in our Province. People have been alarmed on account of various misrepresentations that have been made with regard to the terms of the measure we are proposing. Things have been said, which are all wrong. We are taxing only sales that take place in the Province and we are not taxing simple transfers of business from one branch to another merely because an entry has gone into the books. A specific clause has been ordered to be put into the Bill to this effect by the Select Committee. We are not taxing manufacturers as such; in fact, we have promised that finished articles exported will have the benefit of a rebate of half of the tax that is levied. Again we are not taxing cotton at all; we are not taxing yarn at all and we are not taxing one of the most important commodities. With regard to the numerous intermediate transactions we have made it definitely clear that pure and simple and definite agencies will not be covered by this measure. Sir, I wish to take this opportunity to state that the large number of apprehensions—I may say, the bulk of apprehensions—that prevail in business affairs will soon be cleared, and that they will find that it is not so bad a measure as they think. I also hope, though the Opposition may not agree in this matter, that the indirect effects of this measure will also give a healthy tone to the business structure of our

Province. I hope for that—and the Opposition may not accept it—but if it comes out to be true, all of us will be glad. I have no doubt about it.

"With regard to the actual terms of the revenue, I think we have gone far in the direction of exaggeration; I do not know whether anybody can appropriately estimate it. But it appears to me that hon. Members will soon find that we are not going to tax in such a way and that this tax is not going to work in such a way that there will be idle money lying as surplus in the hands of Government. There will be no such thing at all. I do not think, honestly speaking, that when next we meet in March for looking over the figures, we shall have anything surplus, but probably will be just tiding over difficulties. I do not think we will have any surplus at all; at any rate, nothing more than such surplus as we used to have many a year before this. We cannot have anything beyond that.

"Then, Sir, I do not disregard the possibilities of repercussions and difficulties such as Mr. Hodgson has described; but I can only repeat what I said. We cannot do anything unless we take some risk in that manner. Let me make my mind clear. If we do not do this, if we do not tax those who can afford to pay, though it may be hard and difficult to pay, if we do not tax ourselves, those who can pay, whether they be traders or whether they be consumers—the traders can very well understand that they are not going to bear the brunt of it, I am not going to go into that controversy again (I am sure they know how far they may bear and how far they shall not bear); the consumers who are able to bear will bear the brunt of it; I do not think that there is any other way—if we do not do this, I see a picture before me, which is something awful, more awful than the picture with regard to the trade which my hon. Friends opposite have painted. I see that there will be much greater harm done to this country than what they have described is going to be done to trade as a result of this measure. It is not possible to carry on as we are carrying on, keeping this tax on the cultivators and on the worst and poorest elements of the country who find it more than difficult to bear it, the drinkers. I invite my hon. Friends to go and see—they would no doubt have seen—even if they have done so before, and pass along, the drink shops of our country. The most important incident of Prohibition is not the difficulty for gentlemen like members sitting in the opposite benches; for if they went to Salem without a permit, they would find themselves in certain difficulties. That is not the difficulty that it means to me; Prohibition means to me something else. It is how it affects the poorest people of our country, the coolie, the large numbers of them, the workmen who spend their whole day earning 5 to 8 annas, workmen who are recalcitrant and who strike and create difficulties for members sitting opposite and workmen who do not create difficulties and

who are loyal; all these people who earn 6 to 12 annas a day or coolies who earn after a lot of carrying and pulling carts heavily laden on the road, all these people, how do they spend the money they earn? I would invite friends opposite to go and see for themselves. Not that they do not know it—they know it very well and I am only saying things which they know very well—but I want them to think of it in a different way; I want them to put this question to themselves: 'Shall we save the business from being hurt and ask this Government to carry on the affairs of Government with the money taken out of these people?' And that is the question which I ask them to put to themselves when they pass along the toddy shops and arrack shops. To my mind it appears incontrovertible, that it is a very great disgrace to run a Government on the money obtained from these people. Some may say it is a mere nuisance. Indeed they would call it a nuisance. It is not merely a nuisance, but it is a tragedy in every house of which the man is the breadwinner. To depend upon the proceeds of this business to run this Government and to say that we need not reform the state of affairs because trade is in a bad way and to say that the Government should proceed in the same way with this money contributed to the coffers of the Government, appears to me a very difficult proposition to accept. That, Sir, is my only answer to all that has been said. I do not think I need detain the House further."

The motion was put and carried and the Bill was passed into law.

MR. SPEAKER:—"The House now stands adjourned *Sine die*."

APPENDIX.

[Vide answer to unstarred question No. 416 asked by Sri Muthu Kr. Ar. Kr. Arunachallam Chettiyar at the meeting of the Legislative Assembly held on the 13th May 1939, page 847 supra.]

Number of bribery cases reported to Government.	Cadre of officers involved.	Number in each of them.	Number of cases proved.	Action taken by Government.	Remarks.
(1)	(2)	(3)	(4)	(5)	(6)
		1937–1938.			
5	(1) Madras Revenue Subordinate Service Sub-Magistrate.	1	1	Officer dismissed..	..
	(2) Madras Public Health Service Assistant Director of Public Health.	1	1	Reduced as First-class Health Officer.	Appeal from the officer is under consideration.
	First-class Health Officers.	2	2	Dismissed: but the order of dismissal was subsequently modified to one of reduction to a lower stage in the time-scale of pay (in one case from Rs. 575 to Rs. 450 and in the other from Rs. 550 to Rs. 450) and stoppage of increments for three years; and the illegal earnings were forfeited to the Government.	..
	(3) Madras Excise Service Inspector of Excise.	1	Not proved.	....	..

13th May 1939]

Number of bribery cases reported to Government.	Cadre of officers involved.	Number in each of them.	Number of cases proved.	Action taken by Government.	Remarks.
(1)	(2)	(3)	(4)	(5)	(6)
		1938–1939.			
4	(1) Madras Revenue Subordinate Service Sub-Magistrate.	1	Not proved.	....	..
	(2) Madras Engineering Service Assistant Engineer.	1	Under enquiry.	....	..
	(3) Madras Excise Service Inspectors of Excise.	2	Not proved.	....	..

NOTE.—The above statement includes only cases which were brought to the notice of the Government as the authority competent to pass the original orders. It does not include cases where a lower authority was competent to take disciplinary action and to punish the officers concerned.

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